Volume XIV.] *December, 1899.* [*Number 4.*

POLITICAL SCIENCE QUARTERLY.

THE EVOLUTION OF MODERN BANKING.

IN the development of modern banking methods there has been a distinct evolution, like that of the perfected coined money of the present from the rude barter of primitive times. The most conspicuous steps of this evolution, since the transformation of the deposit receipt into the bank note only partly covered by the metallic reserve, have been: (1) the predominance of bank-note issues in the early stages of modern banking; (2) the decline in the importance of such notes, as the mechanism of the check and deposit system has grown in favor; (3) the concentration of banking capital in great private banks and the loss of primacy by the national note-issuing banks, except as the custodians of the ultimate banking reserve in times of crisis; and (4) the growth of the principle of mutual support among the banks. As one result of this development, bank notes have been raised to an equality with money as a medium of exchange; and the last stage in the process — not yet completed in all parts of the commercial world, though well advanced in the great centres of trade — has been the elevation of all transferable banking credits to a like equality with money as a medium of exchange.

This evolution has taken place within times so recent that its history has hardly yet been written, and the mistakes incident to every new experiment still obscure in many minds the

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great benefits of the different forms of banking credit which have been developed under varying local and commercial conditions. While most of the principles of banking were discovered several centuries ago, they have attained their real development almost entirely in the present century. The Bank of France was founded in 1800; the National Bank of Austria was chartered in 1817; the first Swiss bank of issue was established in 1836; the National Bank of Belgium came into being in 1850; and the Bank of Russia acquired a definite character in 1860. In all these countries there were forerunners of banking at earlier dates, but none of them, except in Great Britain, played an important part in providing the common medium of exchange in the various countries concerned. And even more recent than the creation of the great national banks has been the development among the banks of methods of coöperation, — as seen, for example, in the clearing-house system, — which give to modern banking its characteristic usefulness and strength.

I.

The issue of bank notes only partially covered by the metallic reserve was a most important step in the development of modern credit, but it was only one of several stages in the progress towards a more refined system of banking. Among merchants the advantages of deposit banking and of the transfer of credits by book accounts were understood long before the bank note was developed. It has, however, been the mission of the bank note to introduce deposit banking where it could not otherwise obtain a footing, to obtain the use of capital for the community, without the direct and conscious action of the lender, and to provide a convenient substitute for metallic money. Which of these functions of the bank note is most important in any country can be determined only by a knowledge of the banking conditions which exist there. In most countries, indeed, the process of evolution is still going on; and while the bank note still acts in the remote districts as the pioneer

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of credit and the apostle of deposit banking, it has become in the great centres only a convenient certificate of coin in retail transactions and in the settlement of balances too small to justify the use of other credit instruments.

> Deposit banking [says Mr. Bagehot] is a very difficult thing to begin, because people do not like to let their money out of their sight; especially do not like to let it out of sight without security; still more, cannot all at once agree on any single person to whom they are content to trust it unseen and unsecured.

Under such conditions the introduction of banking methods would be extremely slow but for the issue of notes; and the usefulness of note issues in paving the way for deposit banking has been proved by the history of every country where such issues have been introduced. As Mr. Bagehot points out, "No nation as yet has arrived at a great system of deposit banking without going first through the preliminary stage of note issue." Thus, the notes of the Bank of England and the country banks paved the way for the introduction of the deposit system in that country, and the notes issued by the Scotch banks gradually drew almost every penny of available capital in Scotland into the channels of circulation. A similar experience was that of the independent departmental banks in France. Founded after the downfall of Napoleon,—in Rouen, Nantes, Bordeaux, Lyons, Marseilles, Havre, Lille, Toulouse and Orleans,—they conducted a successful business almost entirely by their capital and note issues. In 1847, the last year of their independent existence, their current deposits reached only 16,800,000 francs ($3,300,000), while, with a total capital of 23,400,000 francs and note issues of 90,100,000 francs, they were able to maintain average discounts of 85,000,000 francs and to discount 851,600,000 francs of paper during the year. Their operations were so successful that, with discount rates lower than those of the Bank of France, they were able to pay dividends of from 9.7 to 28.8 per cent upon their capital.[1]

[1] The discount rate in 1847 was four per cent at Nantes, Lyons and Bordeaux, while at the Bank of France it was five per cent. (Courtois, Histoire des banques en France, p. 152.) Horn says that the rate at Lyons was two and a half per cent

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Nearly the whole of the current deposit accounts were in the old commercial city of Lyons;[1] for in the other cities accommodation was extended to commerce by means of the capital of the banks and the unconscious loans of the public by the acceptance of the notes. While these notes were four times the capital of the banks, they were protected by a metallic reserve which in 1847 amounted to 41,700,000 francs, or about forty-five per cent of the outstanding notes. The history of these departmental banks, which succeeded in several cities where branches of the Bank of France could not obtain a profitable footing, is one of the most striking proofs of the value of bank-note issues in affording credit and extending facilities for business.

One of the objects of banking is to bring into use the saved capital of the community. This is accomplished under the deposit system by direct transfers of such capital from the owners to the banks, and under the note-issuing system by the unconscious — or at least passive — loans made by holders of the notes to their issuers. If capital is not available by either of these methods, it can be obtained only by the high capitalization of banking companies. This has been the case with the large banks of Germany in recent years. The German deposits are so small and the note circulation is so restricted that neither at the Imperial Bank nor at the few existing banks of issue in the states can accommodation be found by these means sufficient for the great enterprises on which German capital has embarked. The German private banks, indeed, do business largely with their own capital instead of with that of depositors. M. Raffalovich declares that the German banks have been "a prey to a genuine mania for increasing their capital"; and he points out that upon the average there are for 100 marks of capital in Germany only 50 marks in deposits, while in England there are

when that at the Bank of France was scarcely ever below four per cent. — La Liberté des banques, p. 364.

[1] The current accounts at Lyons in 1847 were 11,900,000 francs and at Bordeaux 2,100,000 francs, leaving 2,800,000 francs for the other seven banks. — See the detailed tables in Courtois, *op. cit.*, pp. 338–41.

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1207 marks of deposits.[1] The capital and reserve funds of the German banks are larger than those of all the banks of Great Britain, while their deposits and note liabilities are many times less. More exactly, the capital and reserves of the German banks are about $710,000,000, while in the British banks they are about $610,000,000 (capital £84,203,800 and reserves £40,094,500 at the close of 1897);[2] and the difference in the relation of capital to deposit liabilities is indicated by the following figures (for the close of 1897) of the largest private banks in the two countries[3]:

British Banks.	*Capital and Reserves.*	*Deposit Liability.*
National Provincial	£5,000,000	£46,788,046
London and County	3,080,000	41,527,454
Lloyds	3,240,000	37,112,218
Barclay and Co.	3,000,000	28,290,691
London and Westminster	4,400,000	25,355,529
London and Midland	2,718,256	21,725,005
German Banks.		
Deutsche Bank	£9,713,369	£18,181,511
Dresdner Bank	6,426,500	9,150,560

In Germany the natural result of great demands for capital, without the means of drawing upon the scattered resources of small savings by either deposits or note issues, has for several years been a great stringency in the Berlin money market and high rates of discount. This condition may be in part, at least, attributed to the restrictions upon the issue of notes by the Imperial Bank. Prior to the revision of its charter which took effect this year, the Bank was permitted to issue only 293,400,000 marks ($73,000,000) in notes covered by securities, while other issues were required to be covered in full by coin or to pay a tax of five per cent a year. The limit of cir-

[1] Le Marché financier en 1897–98, p. 263.

[2] London *Bankers' Magazine* (January, 1898), LXV, 10.

[3] These figures are taken from the London *Bankers' Magazine* for 1898. The figures for the German banks, reduced at the rate of twenty marks to the pound, appear in the May number (LXV, 770, 771); and those for the British banks, in the June number (LXV, 856, 857).

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culation thus imposed was reasonably adequate for some years after the organization of the Bank; but it became necessary to issue notes subject to the tax in December, 1881, and the frequency of such issues greatly increased after 1889. The last three years have witnessed an almost constant pressure, which carried the amount of taxed circulation to 172,000,000 marks at the close of 1897, and to a still higher figure at the close of 1898. The average circulation of the bank for 1898 was 1,124,594,000 marks, an increase of 38,890,000 marks over the average for 1897. The amount paid to the government as a tax on the uncovered circulation was 767,915 marks ($190,000) for 1897, and 1,927,401 marks ($460,000) for 1898; and the cost of these issues has contributed to the increase of the average discount rate upon all commercial loans from 3.806 per cent in 1897 to 4.267 per cent in 1898. The limit of the "uncovered" note issues of the Imperial Bank was raised by the new charter to 450,000,000 marks, but the remedy did not come early enough to prevent serious embarrassment to German trade from the fetters imposed upon the use of a needed instrument of credit.

Another justification for the use of bank notes is found in the economy of the precious metals which they permit. This economy is secured under two opposed sets of conditions — where credit is precarious and insufficient, or where it is solid and well developed. In the former case, the use of bank notes has often led to financial disasters and has brought the note-issuing system into disrepute. Such an experience was that of the new states of the West, in the early history of the United States, when reckless and unsecured issues won the titles, "wild-cat" and "red-dog," for the bank-note currency. Better regulation would have prevented intentional fraud and would have given greater security to legitimate banking issues, as was proved by the remarkable success of the State Bank of Indiana, under the management of Hugh McCulloch, and that of the State Bank of Ohio. It may be questioned, however, whether any banking system would have protected these communities entirely from the risks of doubtful financial

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ventures in a new country, and whether an unsatisfactory currency was not preferable to none. A poor community is, in fact, not usually successful in keeping at home a costly metallic medium of exchange; for the limited local capital is likely to be employed in some work that seems more necessary than the maintenance of a metallic currency, with the result that the coins leave the community for one where they have a higher marginal utility in exchange for goods, and the poor community worries along with a cheaper medium for conducting its local exchanges.[1] This law of marginal utility, which causes things to be renounced in the inverse order of the necessity for them, has made it difficult to establish the gold standard in poor countries and hard to maintain in them an adequate banking reserve. That the banking system should be insecure and the standard of value fluctuating, is an almost necessary consequence of poverty of resources and the speculative character of new enterprises. Some safeguards may, indeed, be thrown around the fulfillment of contracts, even under such conditions; and paper of doubtful value need not be made a legal tender; but society has probably followed a wise course in creating and employing an imperfect medium of exchange rather than going without any medium, where its resources would not permit the employment of the most costly kind.

The preference for bank notes is not limited, however, to countries of small economic resources or to sparsely settled countries where the banks are not readily accessible. Thus, the notes of the Bank of France are now used to the amount of about 3,500,000,000 francs ($700,000,000), and the renewal of the charter in 1897 extended the limit of possible issues to 5,000,000,000 francs. These notes, moreover, are not issued by the bank chiefly in order to obtain a profit, for they are covered to the extent of nearly ninety per cent by the metallic reserve; but they are preferred by the people to the heavy

[1] Mr. Adams declares that, in the period ending with 1814, "in five years the Massachusetts banks alone drew more than $6,000,000 in specie from the Southern and Middle States, besides what they sent to Canada in payment for British bills." — History of the United States, VII, 388.

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five-franc pieces, which piled up so rapidly between 1870 and 1880 in the vaults of the bank. The preference for the paper notes may have been due in some degree to the fact that they rested upon the combined reserve of gold and silver, instead of possessing, like the silver five-franc pieces, a visible value of only half their face value, but the controlling motive for the use of such a large volume of bank notes appears to be their convenience in comparison with coin. A similar preference for paper was discovered in Austria, when the government in 1892 turned to monetary reform and undertook to substitute silver for the notes of small denominations.[1] The notes withdrawn were for only one florin (40 cents) and five florins ($2); but a strong party, headed by Professor Max Wirth, opposed their withdrawal, upon the ground of the greater portability, compactness and convenience of the paper.

II.

While the bank note has thus played, and seems likely to continue to play, a very important part in banking transactions, it merely represents one step in the evolution of the system of deposit banking which to-day rules in the banking centres of the world. The power of note issue becomes of subordinate importance, in truth, when the deposit system has been generally introduced and commercial credit has become highly concentrated. The realization of this fact was already dawning upon the more advanced thinkers of Great Britain, when Mr. Bagehot declared that probably up to 1830 the main profit of English banks was derived from the circulation of notes. But he added:

> For many years after that the deposits were treated as very minor matters, and the whole of so-called banking discussion turned on questions of circulation. We are still living in the *débris* of that controversy; for, as I have so often said, people can hardly think of the structure of Lombard Street except with reference to the paper currency and to the Act of 1844, which regulates it now. The French are still in the same epoch of the subject; their great *enquête* of 1865

[1] Raffalovich, Le Marché financier en 1893 (1894), p. 113.

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is almost wholly taken up with currency matters and mere banking is treated as subordinate. And the accounts of the Bank of France show why: the last weekly statement before the German war showed that the circulation of the Bank of France was as much as £59,244,000, and that the private deposits were only £17,127,000; now the private deposits are about the same, and the circulation is £112,000,000. So difficult is it in even a great country like France for the deposit system of banking to take root, and establish itself with the strength and vigor that it has in England.[1]

Even in England the power of issuing notes was of high value in the infancy of banking, but the progress of the deposit system and the growth of capital accumulated in the form of banking credits made the notes of minor importance when they were tied up to gold by the Act of 1844. The criticisms directed against this Act were well founded, from the standpoint of banking theory, and their force has been illustrated on occasions when the suspension of the credit of individuals and of the joint stock banks has intensified the demand for money; but normally the English people no longer feel greatly the fetters imposed upon their monetary circulation, partly because their ample resources permit them to retain a large gold currency and partly because the check and deposit system provides them with a currency of almost infinite elasticity nearly as effective in commercial operations as are printed bank notes. Their experience justifies M. Clément Juglar in saying:

In the beginning, when the transactions of a country are recent, operations are conducted largely without credit (*au comptant*); but, as soon as credit intervenes, the advantages of banks, of their branches, and of the issue of their paper make themselves felt, and the plurality of institutions of credit then renders the greatest services. Later, when by the discount of commercial paper, the use of deposit accounts has become a habit, the bank note, which fulfills the double rôle of agent of circulation and temporary capital, intervenes less and less in this last form. The little which remains in the hands of the public serves, like a money of account, for paying for the daily purchases which one does not settle by a credit transfer by means of deposits and current accounts. In the presence of a portfolio (discounts and

[1] Lombard Street, Works (Hartford, 1889), V, 58.

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advances) which continuously increases and which assumes proportions unknown until the present time, the sum of notes in circulation remains stationary or rather diminishes, and the sum of deposits on current account increases even to equalling the amount of the advances granted by the banks. This equilibrium obtained, the mechanism of banks leaves nothing to be desired and paper, which has permitted this result by degrees to be attained, has already almost disappeared.[1]

The growth of the deposit system in England, France and the United States has, in fact, been such that the note-issuing function is no longer an important element in the extension of credit by the banking institutions in the large commercial cities. In these countries such large resources have been placed at the command of the banks by depositors, and these resources are transferred so universally by checks and similar credit instruments, that the demand for money is limited to the retail transactions of life, and under ordinary conditions is met by the use of coin and a limited quantity of bank notes and government notes.

III.

The growth of the system of deposit currency has been accompanied by the development of a hierarchy of great joint stock banks, credit societies, private corporations and state banks, which have come to overshadow in the volume of their dealings the privileged national banks. Thus, the united deposits of the British banks in October, 1898, were computed at £800,000,000 ($3,900,000,000); the deposits of the five great credit societies of Paris on June 30, 1898, were 2,036,900,000 francs ($400,000,000); the deposits and creditor balances of the Berlin banks at the close of 1898 were 1,321,000,000 marks ($315,000,000); the deposits of the clearing-house banks of New York City on July 1, 1899, were $905,127,800; and the deposits of the national banks of the twenty-six reserve cities of the United States on June 30, 1899, were $1,827,802,831.

The national banks in England and in most of the countries

[1] Des Crises commerciales, p. 184.

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of the European continent have been practically the creators of banking credit in their respective countries and the regulators of such credit down to a recent date. The Bank of England, the Bank of France, the Austro-Hungarian Bank, the Bank of Prussia, and even the Imperial Bank of Germany during its earlier years, determined the rates at which loans should be made, handled the larger enterprises of the countries in which they were established and formed the great reservoirs of credit and of money. This situation has, however, materially changed within the last quarter of a century; for each of these banks has witnessed the growth of competitors without the power of note issue, but capable of more flexible management and equipped with great masses of capital derived from their shareholders and depositors. This modern system of banks of deposit and discount could not have grown up without the preliminary education of the bank-note system, and these great private banks — private in the sense that they are not national institutions, whatever may be the laws governing their incorporation — flourish to the greatest advantage in the great money centres. Great Britain was the first in this field, because the education of her financiers in modern banking was completed first. But French financiers have followed in British footsteps and have created in Paris great deposit companies, whose transactions far exceed those of the Bank of France. Such development is more recent in Germany and in Austria-Hungary, but similar credit companies are there also dividing the banking business with the national note-issuing banks.

The extremely recent character of this growth may be judged from the fact that no farther back than 1880 the Bank of France held discounts to the amount of 761,300,000 francs, while the five large credit societies of Paris held only 532,000,000 francs. But the situation has so changed that, on July 1, 1897, discounts at the Bank of France had fallen to 720,000,000 francs, while those of the five credit societies had risen to 1,203,300,000 francs: in other words, the share of the Bank of France in the whole volume of these discounts had fallen from 59 to 37 per cent. The manner in which these societies

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are attracting deposits, by paying in some cases a low rate of interest, is indicated by the increase of current accounts, deposits and acceptances from 1,180,800,000 francs in 1880 to 2,111,600,000 francs in 1897, while similar items at the Bank of France increased only from 441,000,000 francs to 544,200,000 francs.[1] In Germany the number of banks reporting to the Imperial government in 1883 was 119, with a capital of 1,248,700,000 marks and reserves of 174,400,000 marks (making together about $350,000,000); but, in spite of many consolidations, the number of such banks had risen in 1898 to 156, with a total capital of 2,451,800,000 marks and reserves of 539,900,000 marks (making together about $710,000,000).[2] The capital of the eleven large Berlin banks, exclusive of the Imperial Bank, increased from 586,000,000 marks ($140,000,000) at the close of 1896 to 844,000,000 marks ($210,000,000) in 1898. The Deutsche Bank alone has a capital of 150,000,000 marks and the Disconto Gesellschaft one of 130,000,000 marks.[3]

The great national banks have thus been dethroned from their old position as the chief distributors of commercial credit. But they have still an important part to play in the delicate mechanism of modern banking; for by the evolution of events they have become the keepers of the ultimate cash reserves. The importance of a central reservoir of credit in each leading commercial nation has grown, rather than diminished, with the recent growth of the credit system. While the transactions of normal times resemble a refined system of barter, the decline in the exchange value of commodities in periods of panic shakes confidence in the credit of individual manufacturers and merchants; and as the credit of commercial banks depends largely upon the solvency of the merchants whose paper they have discounted, they suffer to some extent the distrust regarding their

[1] These comparisons are summed up by M. Edmond Théry. — Les Valeurs mobilières en France, p. 90. M. Liesse makes the comparison more striking by taking the discounts and loans on December 31, 1881, when the amount at the Bank of France was 1,414,000,000 francs and that with the four largest credit societies only 450,000,000 francs. — Courcelle-Seneuil, *op. cit.*, p. 267.

[2] *Moniteur des intérêts matériels* (Sept. 17, 1899), p. 2645.

[3] *L'Économiste européen* (September 9, 1898), XIV, 341.

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individual patrons. The essential requirement of such occasions is an ultimate source of credit which shall be strong enough to inspire confidence in its ability both to redeem its circulating notes and to grant discounts and pay depositors. A central reserve bank, whose credit is unquestionable, is then enabled to meet the demand for money by issuing its notes and to meet the demand for credit from private bankers by rediscounting the paper in their hands. This ability to obtain rediscounts permits the private banks to obtain cash credits having the exchangeable character of cash and to continue their accommodations to their patrons.

The earlier panics were marked by a demand for metallic money; for the banks had not obtained a sufficiently assured position in public confidence to give the character of money to their notes. It was thus that the goldsmiths drove the Bank of England to suspension in 1696 by presenting £30,000 of its notes for redemption, and that the Bank of Scotland was compelled to suspend in 1715, when the rebellion in favor of the Stuarts broke out. It was, again, by the presentation of notes for redemption that the senior Belgian bank attempted to break down the credit of the new Bank of Belgium in 1838.[1] More recent years have, however, witnessed two important steps in the extension of banking power. The first of these has been the conquest of public opinion, so that well-secured notes have become as acceptable as metallic money in meeting the demand for negotiable credit. The second step has been the substitution of *any* negotiable credit instrument for gold and bank notes, where the solidity of the banking system has been such as to justify public confidence. It is this step which has been made easy by the great national banks. These have become in periods of panic the sheet-anchors of credit. On such occasions there is a special demand for money which will remain exchangeable when commodities have largely lost that characteristic; and a strong national bank is able to meet this demand with its own notes as well as with metallic money.

It is this power to provide the support for such a basis of

[1] Courcelle-Seneuil, *op. cit.*, p. 382.

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credit which gives importance to the function of a central note-issuing bank. In Great Britain and in France it has become the practice for the private banks to keep their cash reserves largely in the central institution. The tendency of banking in the great commercial countries is thus towards what Mr. Bagehot described as "the one reserve system." This system has its theoretical dangers, in case the credit of the central bank is shaken; but it has great practical advantages, in concentrating the metallic reserves of the country in a single strong institution, where they can be used with the greatest effect in meeting a panic. The fact that the private and joint stock banks keep their money in the national bank also contributes in some measure to strengthen the system, because in times of stress these banks are disposed to reduce their discounts and to increase their available cash in the form of deposits in the central bank.

This increase in such "bankers' balances" during great panics has been very noticeable in the history of the Bank of England. Thus, they increased from an average of £1,500,000 in 1846 to £2,100,000 on November 6, 1847, when the panic of that year was at its height. There were also large additional increases, as credits were called in, until the banks had on deposit in the Bank of England on January 8, 1848, £3,800,000 ($19,000,000). A like increase in the bankers' balances occurred in the midst of the crash of 1857. The balances were only £2,500,000 on October 10, but had risen to £4,600,000 on November 11, and to £5,500,000 on November 25. There was a still further increase, after the acute period of the panic had passed, which carried these balances on January 13, 1858, to £10,200,000 ($50,000,000). The crisis of 1866 found the bankers' balances at the Bank of England on March 14 at £4,500,000; but this amount was increased on April 11 to £6,200,000 and, while somewhat reduced for a time by the pressure for money, rose on May 16 to £7,900,000. The official publication of these balances was suspended in 1877; but the liquidation of 1878 witnessed an increase in the general deposits of the Bank of England from £20,100,000 on Sep-

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tember 25 to £28,800,000 on October 30, 1878, and to £32,800,000 on January 15, 1879. The pressure of 1890 also witnessed a rapid increase of the general deposits from £29,000,000 on October 29 to £36,400,000 on November 19, 1890. In both these cases the increase was obviously due chiefly to the strengthening of the bankers' reserves.[1]

This tendency towards the centralization of credit and towards the use of paper substitutes for metallic money has materially strengthened the great reservoirs of credit, the national banks, during the last quarter of a century. There was grave apprehension in England, when Mr. Bagehot wrote twenty-five years ago, regarding the sufficiency of the reserves of the Bank of England to sustain a severe shock to credit. He considered "the apprehension minimum" to be £10,000,000, and it was not until after 1890 that the reserve attained an average greatly exceeding £20,000,000. The gold reserves of all the European banks of issue in 1877 were only $575,000,000 and had risen in 1885 to only $700,000,000;[2] but the amount nearly doubled in the next dozen years, and now affords almost inexhaustible reservoirs of metallic money for the protection of the circulating notes of the great banks. Between December 31, 1883, and December 31, 1897, it is pointed out by Professor Edmond Théry,[3] the gold reserves of all the European banks of issue increased by 5,189,700,000 francs ($1,000,000,000), and reached 8,745,600,000 francs ($1,740,000,000), while the circulation increased only 3,035,507,000 francs ($600,000,000). In the increase of the gold reserve the Bank of Russia stands at the head, with 3,095,400,000 francs in 1897 against 699,900,000 francs in 1883. After Russia comes France, with an increase of 1,031,800,000 francs; Austria-Hungary, with 569,800,000 francs; Germany, with 406,000,000 francs; England, with 246,500,000 francs; and Spain, with 213,300,000 francs. The manner in which the proportion of gold to circulating notes has

[1] See "Bankers' Balances at the Bank of England," London *Bankers' Magazine* (March, 1898), LXV, 349.

[2] These figures are based upon the careful calculations of Soetbeer, Bimetallism in Europe, p. 180.

[3] *L'Économiste européen* (October 11, 1898), XIV, 490.

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thus increased in the European banks during the brief period of fourteen years is indicated in the following table:

Year.	*Gold Reserve.*	*Silver Reserve.*	*Circulation.*	*Per Cent of Gold to Notes.*
	(In Millions of Francs.)			
1883	3,555.9	2,049.9	12,246.9	29
1888	4,376.1	2,517.0	12,757.8	34
1890	4,592.7	2,339.2	13,205.8	35
1892	6,207.1	2,495.1	14,805.5	42
1894	6,952.0	2,603.7	15,539.5	45
1896	7,859.9	2,512.7	14,536.6	54
1897	8,745.6	2,556.4	15,282.4	57

These immense reserves of the precious metals are held in part against the deposits and other liabilities of these banks, as well as against their notes; but these liabilities have been so reduced by the competition of the private banks that a great increase in the issue of notes could be made, if required, without straining the resources of the national banks. Under these circumstances, M. Liesse is justified in declaring that the existence of these reserves

> makes these banks a sort of special bank or reservoir, where in times of crisis an important reserve permits the deposit banks to have rediscounted the greater part of their commercial paper. The bank of issue becomes in such a case a sort of refuge where in period of storm the credit houses are capable of finding a shelter — that is, a temporary credit.[1]

The Bank of France was, indeed, denounced during the debates on the renewal of the charter in 1897, as having become "the bankers' bank." There was truth in this characterization, as there was in the same name when given by Mr. Bagehot to the Bank of England twenty years before. But the very fact that the private banks have this sheet anchor in emergencies enables the national bank, in the words of Professor Leroy-Beaulieu, "to save the public at the opportune moment from the ruin which might result from the blunders of great private banks." Commenting upon this function of the national bank he says:[2]

[1] Courcelle-Seneuil, Traité des opérations de banque, p. 271.

[2] *L'Économiste français* (June 5, 1897), p. 771.

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Let a single house which had held for nearly a century the place of the first free bank of the world, like the Barings, fall under a cloud, as was the case seven or eight years ago, and the Bank of England is ready with resources and credit intact to sustain the compromised edifice of British credit and to settle the affairs of this house under conditions which ended, after a half dozen years, by leaving it an excess of assets over liabilities. It was the same in France. When a great, ancient and famous house, like the old *Comptoir d'Escompte* or the *Société de Dépôts et Comptes Courants*, meets a failure, the Bank of France is there with its resources and its credit equally unimpaired to rediscount all the paper of the failed bank, to take charge of its merchandise warrants, to make all necessary advances and in reality to save the market. The Bank of France is 'the bankers' bank,' it is true, but in whose interest? It is in the interest of their depositors and their creditors of all classes. The Bank of France is a bank of rediscount for serious conditions, a bank of reserve, and this is why it is not necessary that it employ its resources in large rediscounts and advances in normal times.

IV.

The solidarity of sentiment, which has resulted in union among the banks of the world for sustaining each other in great emergencies, is one of the important phases of recent banking development which is brought into relief by the incidents to which the French economist refers. This union of the banks for mutual support has given a strength to the banking system which it did not possess in early years. The early banks stood practically alone, and conducted their exchange operations only by special agreement with other institutions or through their own branch houses. Yet union among the banks for the support of commerce, by extending credit to those who deserve it, is of especial importance in a crisis, where there is no strong central bank capable of directing the course of the market and rediscounting for the smaller banks. Without such union, as Professor Dunbar properly declares,

> it is then possible, and in any sharp crisis is even probable, that some of the bank managers may decide to take care of themselves by reducing their loans and filling up their reserves, and leave it to

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others to take care of the general welfare by enlarging discounts and satisfying the public demands. The knowledge that some may pursue a selfish course weakens the disposition of others to take a more liberal course, and thus may practically lead the whole group of banks to pursue a policy of contraction, which is condemned by the judgment of the majority.[1]

The necessity for guarding against such a struggle led the banks of the United States in 1860 to adopt a method of coöperation, which has since been so often resorted to that it has been reduced to a system. Harmony of action was secured by means of the Clearing House Association, "in which the banks [in the language of Professor Dunbar] were already united for important purposes and from which no bank would willingly find itself excluded." It was agreed for the purpose of enabling the banks to maintain and expand their loans, that their specie should be treated as a common fund and that loan certificates should be issued for use in clearing-house settlements as a substitute for coin.

The system of clearing-house certificates has not been required in Europe, because of the greater concentration of banking capital there. Nevertheless, there have been several occasions on which the great banks have come to the support of each other and of the smaller institutions. This was the case as early as the panic of 1825, when in three days the Bank of England issued £5,000,000 in new notes upon securities and exchequer bills, as well as upon discounts. The aid of the Bank of France was also sought, and a credit for £2,000,000 upon bills was opened for three months. Again, in the crisis of 1847, the Bank of France sold French national securities amounting to 20,000,000 francs to the Barings of London for gold, but even this step was insufficient to arrest the panic. The Emperor of Russia then came forward and offered to buy French securities to the amount of 50,000,000 francs.[2]

[1] Chapters on Banking, p. 68.

[2] Noel, Les Banques d'émission en Europe, I, 111. The crisis was due in a measure to the deficiency of the French crops; and the possession of a credit on the Russian Treasury created an exchange fund against which bills could be drawn in payment for Russian grain.

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The crisis of 1890 was met in a somewhat different manner. A sum of £3,000,000 in gold was brought over to London under a special contract with the Bank of France, secured by the deposit of exchequer bonds issued to the Bank of England by the government for the purpose,[1] and £1,500,000 was obtained from St. Petersburg. The cause of the crash was the suspension of Baring Brothers & Co., with liabilities of about £30,000,000. The fact that the suspension was likely to occur had been whispered quietly among the leading financiers for some days and afforded Mr. William Lidderdale, the governor of the Bank of England, the opportunity to prepare for a storm. He perfected arrangements by which it was announced, on November 14, 1890, that all liabilities of the Barings would be provided for by the Bank of England and that any loss to the bank would be made good by a circle of guarantors embracing the greatest banking institutions of Great Britain. The joint stock banks of London, the leading banks of the provinces and the joint stock banks of Scotland entered into a combination aggregating £15,000,000, "to make good to the Bank of England any loss which may appear, whenever the Bank of England shall determine that the final liquidation of the liabilities of Messrs. Baring Brothers & Co. has been completed so far as, in the opinion of the governors, is practicable." This guarantee was to continue for three years. It was carried out so successfully that an announcement was made at the general court of the Bank of England on March 16, 1893, that the liabilities, which once reached an aggregate of £30,313,000, had been reduced to £4,558,813, and that nearly all the assets in the form of bills receivable had been collected without loss.[2] The masterly management of Mr. Lidderdale in uniting the great banks for the maintenance of credit thus averted a crash which might have shaken British finance to its foundations.

[1] POLITICAL SCIENCE QUARTERLY (March, 1894), IX, 23.

[2] London *Bankers' Magazine* (April, 1893), IV, 610. The guarantors were relieved of further liability in November, 1894, and the settlement of the assets was assumed by a private company.

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The tendency of the modern banking world is toward the centralization of capital in powerful banks and syndicates. This does not imply that the capital does not find the widest distribution from these great centres. It means simply that great reserve strength is found to contribute to the economy and efficiency of the credit system. The rapid consolidation of small banks has, accordingly, been one of the most striking developments of the last few years in Europe and the United States. There were 8 banks consolidated with others in England and Wales during 1893, 11 in 1894, 4 in 1895, 18 in 1896, 9 in 1897, and 7 in 1898, making within six years an absorption of 57 banks.[1] In Germany 40 private banking houses were absorbed by the great credit societies of Berlin in the single year 1897.[2] In Switzerland, where 38 independent banks have grown up out of the needs of the small manufacturing towns, the people voted on October 18, 1891, a new article of the Federal constitution, providing that

> the Federation may exercise the monopoly of bank notes by means of a bank of state placed under special control or by conceding the management, under reservation of the right to repurchase, to a central stock bank, which shall be administered with the approval and under the control of the Federation.[3]

The people rejected, by the referendum, on February 28, 1897, a project for a bank owned by the state, by a vote of 195,764 to 255,984; but this action was generally interpreted as an expression of feeling against state ownership rather than against the creation of a national bank. The Union of Commerce and Industry, which opposed the state bank, has prepared a project for a national bank with a capital of 50,000,000 francs under private ownership; and this project, which had the ap-

[1] London *Bankers' Magazine*, February, 1898, and February, 1899. There were 42 consolidations from 1877 to 1886 and 124 from 1887 to 1898, inclusive.

[2] Raffalovich, Le Marché financier en 1897–98, p. 262. This consolidation was due in part to the Bourse law of 1896, which has unintentionally transferred to the large banks the business of issuing and transferring securities.

[3] *Bulletin de statistique* (October, 1891), XXX, 418. See "The Banking System of Switzerland," by the present writer, New York *Bankers' Magazine* (June, 1897) LIV, 836.

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proval of twenty-three of the twenty-four sections of the union, is now under consideration by the Federal government.[1]

The changes in the United States have thus far been within narrower limits, but during the past few years there has been a notable tendency towards consolidation. In New York City the Third National Bank was in 1897 consolidated with the City National Bank, which now carries deposits of nearly $100,000,000. In Kansas City there was a general consolidation in 1897; and in Boston in the autumn of 1898 nearly a dozen national-banks, with capitals of $1,000,000 each or less, were absorbed into a new bank with a capital of $3,000,000. The number of national banks in Boston fell from 53 to 39 between 1893 and the close of 1898, and the capital from $52,900,000 to $36,200,000.[2]

The effect of the successful coöperation of the great banks has been to make transferable banking credits, in the advanced commercial nations, practically as secure a medium of exchange as gold and silver. The experience of recent crises has shown that the mechanism of banking credit is sufficiently understood by the mercantile community to prevent serious raids upon the deposits of solvent commercial banks. Deposits are withdrawn where the banks are known to be unsound, but are left intact, except so far as the credits are actually needed by the depositors, where the banks are known to be solvent. This comparative stability of deposits and cash resources is of as much importance to the commercial community as to the banks; for the withdrawal of deposits means the restriction of the power to make loans, and was one of the greatest difficulties with which the early bankers had to reckon. Thus, when the empire of Napoleon I was tottering to its fall, a run upon the Bank of France compelled it to reduce its holdings of commercial paper early in 1814 to 1,715,000 francs ($320,000).

[1] New York *Bankers' Magazine* (May, 1898), LVI, 678. The vote in favor of state ownership was given mainly by the German cantons, where socialism was strong. The French cantons voted heavily in the negative, the canton of Vaud giving only 4462 affirmative votes, as compared with 40,504 negative votes.

[2] *United States Investor* (November 5, 1898), p. 1616.

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When the Second Empire fell in 1870 the situation of the bank was far different, partly because the fate of the bank was no longer bound up with that of the state, and partly because of the growth in the knowledge and use of banking credits. "While the credit of the state staggered under the weight of our reverses and our errors," says M. de St. Génis, "the Bank of France preserved its own firm and intact."[1] The bank was the pillar of public credit, and even through the exciting days of the Commune it kept its doors open for the payment of its obligations. Its great reserves of gold and silver, protected from robbers by filling the subterranean staircases with sand, awaited undisturbed the restoration of civil order. After meeting such tests, it is not surprising that the Bank of France passed unscathed through the crisis of 1882, when French credit was shaken to its centre by the collapse of the *Union Générale*, accompanied by the fall of several other large credit companies and a tumble in the stock market. The foreign banks raised their rates of discount — the Bank of England to six per cent, the National Bank of Belgium to seven per cent and the Imperial Bank of Germany to six per cent; but the accounts of the Bank of France showed scarcely a perceptible influence from the crash except an increased demand for discounts. These rose from 1,407,800,000 francs on January 19, 1882, to 1,646,100,000 francs on February 2; but the gold reserve increased between these two dates from 668,800,000 francs to 729,600,000 francs, and rose on February 16 to 816,200,000 francs. Moreover, the private accounts current, instead of declining, increased from 550,700,000 francs on January 19 to 684,000,000 francs on February 2, and to 903,000,000 francs on February 16.[2] There was not in any of these movements the slightest indication of a pressure for the redemption of notes or for the withdrawal of deposits upon the great reservoir of gold and banking credit in France.

The national banks of the United States also retained the support of the mercantile community during the crisis of 1893,

[1] La Banque de France à travers le siècle, p. 69.

[2] Théry, Les Valeurs mobilières en France, p. 83.

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in the face of national bank suspensions to the number of 141 during June, July and August.[1] A feature of the crisis which brought out in a strong light the growing appreciation by the business community of the real mechanism of credit was the refusal of the banks for several weeks to pay checks freely in currency. The economic reason was found in the fact that the restriction or distrust of other forms of credit created an unusual demand for currency. As the banks, under the present banking law, were practically without the means of meeting this demand by the issue of notes, they could meet the demand for credit only by granting loans and discounts. Accordingly, those who were able to transact their business by banking credits had no cause for complaint, but those whose business required currency were required to buy it at a premium. The remarkable feature of the situation was the absence of unreasoning panic. The average business man appeared to grasp the fact that the machinery of credit was only stopped for a moment and was not seriously crippled. There was no rush of depositors to the city banks to withdraw their deposits, either in notes or coin, because it was well known that the security of each bank rested upon the union of all through the Clearing House Association and that the temporary scarcity of the currency medium of exchange, caused by restrictive banking laws, did not seriously impair the exchangeable character of banking credits or their command over commodities.

Banking credits, therefore, constitute as effective a medium of exchange as notes or coin, so long as they command commodities; and the best test of their command over commodities is immediate convertibility into standard coin, since they are contracts to deliver coin — the most exchangeable of commodities. When such convertibility is assured, the whole deposit currency of the commercial world becomes a part of its purchasing power. The amount of metallic money required as a basis for this structure of credit varies according to local laws

[1] Eighty-four of these banks afterwards resumed business. The capital of sixty-seven national banks actually insolvent during the year ending October 31, 1893, was $11,035,000. — See my History of Modern Banks of Issue, p. 535.

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and the business habits of the community. The amount of bank notes or of other currency varies also, not according to any mathematical rule, but according to the demand for this particular form of banking credit in a given community. Thus, bank notes are in large demand in France as certificates for coin, because of their convenience; and they are in large demand in Germany as instruments of credit, because of the recent development of a great mass of transactions, without a corresponding accumulation of capital by small deposits. It is the mission of banking credit to give flexibility to capital and to put into generic form, capable of commanding all commodities, the special titles to wealth created for each individual by his sales of goods or services.

> The more extended the territory throughout which, and the greater the number of people among whom, such a currency would circulate, the less would be the need over such territory for the use of bullion or coin as money or the basis of paper representatives of value. And the monetary systems of the peoples among whom commerce has obtained the greatest development are gradually reaching such a basis. The paper representatives of value, which at first were direct representatives of coin, are tending more and more to become the representatives of value as expressed by the result of effort, without the intervention of coin, and in the furtherance of this tendency banks perform an essential part.[1]

If the banking system has suffered disaster in new countries, as has often been the case, the fault has been with the economic situation, rather than with the banking laws. In new countries it is essential to the rapid development of agriculture and trade that some risks should be taken; and if such risks have sometimes affected the banks, it has often been a necessary result of speculative conditions rather than because of the issue of bank notes or even the extension of banking credits. Bank notes have played only a minor part in the great commercial convulsions in the United States and other countries. As M. Arnauné declares, in reference to the English panics of 1826 and 1837, "the superabundance of

[1] McPherson, The Monetary and Banking Problem, p. 35.

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bank paper was the consequence of the superabundance of commercial paper."[1] Even where note issues have played a part which has exposed them to criticism, they have been one of the almost essential instruments of commerce, in a country incapable of retaining a large volume of metallic currency. Speculative and venturesome banking has been a necessary incident of speculative and venturesome enterprises of all classes upon insufficient capital. Great abuses of the banking function have, indeed, occurred, some of which might have been prevented by proper laws; but neither the system of note issues, nor the banking system as a whole, is properly singled out as the cause of disasters which were inevitable under any credit system, or even without organized banking facilities.

The complete success of the modern banking system will be achieved when banking credits have, under all conditions, the command over commodities which is possessed by metallic money. The process of evolution has given this security, in some degree, to such bank notes as are issued by the great national banks or under a system of mutual guaranty among the banks which insures their redemption in standard coin on demand; and the movement which shall give the same character of absolute security to all banking credits has made great progress. Union among the banks and the accumulation of cash reserves in a central bank, capable of meeting all demands, are making banking credits in the great commercial countries a safe means of storing circulating capital. Their security has, indeed, become so well recognized that deposits often increase, instead of diminishing, in times of crisis, because the banks are recognized as successful agencies for transforming the productive resources of the community into the safest and most efficient form of negotiable capital.

CHARLES A. CONANT.

[1] La Monnaie, le crédit et le change, p. 390.

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THE URGENT NEED OF INTEROCEANIC COMMUNICATION.

HAVING made a shibboleth of Berkeley's oft-quoted "westward the course of empire," we Americans continue to regard our continent as the *ultima Thule* of progress; and thus far we have given but superficial consideration to the corresponding current of Caucasian civilization setting in toward the East. Brought so unexpectedly into contact with this easterly course of progress by the acquisition of the Philippines, it is difficult for us to fit the new facts into the frame of our old traditions. Our point of view has not been adapted to the movement of population toward the West and, for lack of this adjustment, the prospect seems somewhat distorted. Looking out across the Atlantic, we are in the habit of regarding Asiatic affairs through European glasses, and still speak of the "Far East," when in reality we mean the "Far West." It is time we took a broader view of the situation; for, unless we alter our present attitude, we shall never be able to appreciate our proper position in the political world.

Between the East and the West the distinction is, indeed, primeval. Archæological remains, ethnological hypotheses and historical records, all point to some such original bifurcation of humanity. From the region below the "Roof of the World" successive races of man seem to have sent forth offshoots in both directions about the globe. The blacks early became confined to the tropics on either side; and, while the white man was being disciplined in the requisites of Western civilization, the yellow people were given free scope to swarm out as they would toward the East. Barren plateaux and storm-swept seas, shifting delta mouths and inadequate insular connections, all made for isolation in this direction; and, failing on this account to establish commercial intercourse among themselves, the Mongols only succeeded in reaching the handicraft stage of devel-

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opment. Theirs was, in short, a mere migratory movement along the lines of least economic resistance. From the original seats of their civilization along the alluvial bottoms of the Asiatic mainland, isolated insular settlements still mark the course of their progress across the Pacific; but, as they were ignorant of the use of iron, it was obviously impossible for them to reach the Atlantic in this way by felling the forests of the opposing continent. Mongolian civilization was consequently stranded at last upon the deforested plateaux of America. The East was thus occupied, but only partially exploited, by its original inhabitants. Enough was done, it will be said, to give these first comers a legal title to their possessions. But the ruthless racial struggle is not determined by the rules of private law, and dominant peoples respect the property rights of those alone who have followed Locke's provision and mixed their labor with their land. Having hid their talents in the earth instead of trading with them, the Asiatics cannot, therefore, hope to avoid their day of reckoning with the lords of the Western world.

Along the Occidental line of progress, Caucasian civilization was confronted with very different conditions. In fact, one cause after another attracted men toward the West; and, speaking comparatively, the course of empire may truly be said to have taken its way in this direction. But imperialism always depends upon antecedent commerce and colonization; and it is with the causes of expansion, rather than with the consequences, that the questions of communication are primarily concerned. Of the two earliest centres of Western civilization, Egypt was cut off from maritime trade by the delta of the Nile, and, consequently, developed a policy of isolation similar to that of the Mongolians. On the other hand, the people who came to Babylon easily learned the lessons of commerce in the natural nursery of navigation, the Persian gulf, and were accordingly predisposed to colonial expansion. Coasting courses led in either direction from the Mesopotamian ports to India on the east and Arabia on the west. Caravan routes, proceeding from the head waters of the Tigris and Euphrates, connected these

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centres of civilization likewise with Irania and the Mediterranean. Favored by such geographic circumstances, Babylon naturally became the point of departure for currents of trade and commerce setting in in both directions about the globe, and in this way determined the dynamics of Western civilization.

During the subsequent course of historical development the centre of commercial expansion has shifted by successive stages toward the West; and from each fresh point of departure Oriental and Occidental trade routes have been extended somewhat further in opposite directions around the globe. Thus, while advancing toward the undiscovered West, Caucasian civilization has found it necessary to keep in constant touch with the static countries of the East.

The proto-historic stage of Western progress was from the Persian gulf to the Mediterranean. During the classical period, contact between the East and the West was preserved by commercial connections extending in both directions from the ports of the inland sea, — Tyre and Sidon, Athens and Carthage, serving successively as points of departure for this easterly and westerly trade, — and upon the basis of such antecedent commerce and colonization the Roman Empire was finally established, to include the then known Eastern and Western worlds. In the course of the Middle Ages the commercial centres of Europe shifted slowly across the continent from the Mediterranean to the Atlantic, and under the early mercantile régime trade routes began to radiate eastward and westward from the Netherlands.

Under these mediæval commercial conditions, England — at that time the *ultima Thule* of economic progress — provided raw materials for the manufacturing countries of the continent, a profitable enough part while her agricultural resources prevailed. But events were meanwhile shaping an important transition in the industrial development of Europe. The Crusaders were no longer able to hold the gateways of the East, and Turkish hordes eventually gained control of the caravan routes to Asia. Europe thus found herself cut off from further commercial contact with the Orient, and suddenly cast upon her own

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economic resources. But Caucasian civilization had already advanced too far to revert to industrial isolation. There was nothing for it, therefore, but to take to the ships and discover a sea route to the Indies. The sphericity of the earth was incidentally demonstrated in this way, and continental sources of supply therewith opened to the commerce of Europe on either side of the globe. Under the new order of things England could scarcely expect to compete with the recently discovered countries as a purveyor of raw materials. In order to survive, it was, therefore, necessary for her to become a manufacturing nation, like her continental predecessors, and to rival them in extending her colonial connections across the seas. From the Western ports of Europe as a fresh point of departure, currents of commerce were accordingly established in either direction about the globe — around Africa and along Asia to the east, and over the Atlantic to America on the west.

Maritime progress in either direction was now opposed by continental masses contracting at two points to narrow isthmus connections. Commercial expansion became thus, for the first time, conditional upon interoceanic communication, and engineers were accordingly called upon to construct the requisite waterways between the seas. The two canal problems were, however, not equally urgent. On the east the lands of promise extended far beyond the isthmus barrier, while to the west an undeveloped continent lay open to economic exploitation directly from the Atlantic. Access to the Pacific was, consequently, a condition precedent to the success of the eastern movement, whereas on the west there was no such immediate necessity for interoceanic communication. Under the existing geographic circumstances, therefore, it was to be expected that adequate maritime connections with the Pacific should first be established by European engineers through the Suez canal. With this partial improvement effected, the industrialists of the Old World were enabled to draw their raw materials from both sides of the earth, and modern trade routes came to radiate accordingly from the commercial centres of

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Europe to a periphery bounded on the east by the littoral islands of Asia and on the west by the Pacific shores of America.

The immediate effect of this one-sided amelioration has been to allow the easterly current of commerce to extend somewhat further out across the Pacific than would normally be the case, and to throw back the tide of Western progress upon its European sources. America thus came to stand in the same economic relation to Europe that England had formerly occupied to the continent — namely, that of a purveyor of raw materials to the manufacturing countries of the Old World. And, just as during the mediæval period England was well enough satisfied with this simple commercial arrangement, so the United States has until recently had no reason to complain at the corresponding adjustment of her own trade relations. So long, in other words, as North America remained the chief producer of raw material in the world and Europe offered a rising demand for the animal, vegetable and mineral supplies of the land, it was profitable enough for natives and immigrants to push out across the Western continent and to ship the products of their farms and plantations, their ranches and their mines, to the markets of the Old World.

These earlier commercial relations gave a stimulus to river and lake transportation, and led to the establishment of railroad connections between the Western frontier and the Eastern seaboard of the United States. America's export trade to Europe also brought the maritime shipping of the Atlantic to its present high stage of development. But, inasmuch as the continent lay open to economic exploitation directly from the Atlantic, the foreign commerce of the United States was not at all dependent upon interoceanic communication. While such commercial conditions prevailed, it was natural enough, therefore, for Americans to regard the canal problem in the light of a local expedient for the better development of the domestic resources of their country. Shortly after the acquisition of California, Eastern capitalists accordingly conceived the idea of opening a waterway across the isthmus, with a view to providing better means of communication with the Eldorado of the West than

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the toilsome journey across the plains or the perilous voyage around the Horn. But with the decline of the gold excitement the project was abandoned and only partially superseded somewhat later by the construction of the Panama railway. Transcontinental railroad connections were next established to join the new Pacific territory more directly with the Atlantic seaboard; and it was hoped that by these improvements the demands for internal transportation were for the time, at least, sufficiently fulfilled.

The West was naturally the first to realize the inadequacy of the arrangement. With the localization of the gold mines in California and the decline of the fur trade in the Northwest, the people of the Pacific slope came to devote their productive energies to agriculture, arboriculture and viticulture, and to the lumbering and fishing industries. The natural market for all these products lay in the East. Thus, for the exportation of their surplus raw materials, the Western producers were obliged to rely very largely upon railway transportation. But comparatively few of those bulky commodities in which they trafficked could bear the cost of carriage across the continent, and not much expense was to be saved by sending the goods in ships around the Horn. With such limited facilities for exportation, permanent prosperity was, therefore, impossible for the people of the Pacific slope; and, suffering from the effects of arrested economic development, they were soon led to appreciate the necessity of a waterway between the seas.

But though the growing commerce of the Pacific seaboard required the construction of an isthmus canal, nevertheless, taken as a whole, the foreign trade of the country was still only partially dependent upon interoceanic communication; for even under then existing conditions the exports of the country could almost all be carried from Eastern ports. It was no particular hardship, therefore, for the people of the Atlantic seaboard to be cut off from the commerce of the Pacific; and until the East and the South could likewise be brought to realize the practical importance of isthmus transit, the canal project was likely to remain in the realm of unrealized ideals.

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To the present day no improvement has been effected in the technical situation, but changes now taking place in the economic world are at least bringing the people of the Atlantic seaboard to a clearer consciousness of the national necessity of an interoceanic canal. As purveyors of raw materials to the mother country, it was natural for the North American colonists to import their first-finished products from abroad. But with the extension of agriculture toward the West, the older Eastern states had necessarily to build up manufactures of their own. It was scarcely to be expected, however, that these infant industries should from the start compete successfully with established European manufactures. Protection was, therefore, the only alternative. This, to be sure, cast a double burden of taxation upon the agricultural interests of the country; but, so long as American raw materials continued to fetch their full price in the markets of the world, the farmers and planters were easily able to shoulder the extra charge, and it was worth the sacrifice to establish the United States upon an industrial basis. During the last quarter century, however, colonization in other continents has added fresh sources of agricultural supply, and American producers have been obliged to dispose of their raw materials upon an open foreign market. Once cast upon the vicissitudes of competition, the agriculturists of the United States could no longer rely upon their earlier economic calculations, and soon discovered that, instead of depending, as before, upon the abundance of their own crops, prosperity was now conditional upon the failure of harvests abroad. Increasing supply continued to lower the price of raw produce, and this, in turn, diminished America's demand for finished goods. The protected manufacturers were consequently compelled to limit their output, and both the extractive and the transportation industries suffered a sympathetic decline. This concatenation of causes naturally led to a period of falling prices, punctuated with commercial crises and financial panics.

The trouble was first attributed to the tariff and then to the currency system, but the real root of the difficulty lay in changing economic conditions far beyond the reach of local legisla-

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tion. The fact is, that no country can remain indefinitely in the agricultural stage of development and at the same time keep up its commercial connections with the outside world, without submitting in the end to the inevitable action of the law of diminishing returns. In the abstract, the truth of this economic axiom is obvious enough; but owing to the immense extent and high fertility of our soil, we Americans have been somewhat slow in realizing its practical application to our particular case. Proof of the proposition has recently been brought home to us, however, in the form of falling prices; and it cannot be long before the problem of further survival will present itself in the shape of the ultimate economic alternative—isolation or industrialism.

How, then, shall we decide? Are we to withdraw from the world and develop the Aristotelian ideal of the self-sufficing state, sufficiently removed from the sea to escape the contaminating influences of commerce; or are we to continue to compete with our fellows and take our legitimate place among the dominant industrial nations of the day? Is it our wish to become economically assimilated with the static countries of the East, or do we prefer to cast our lot with the progressive peoples of the West? There are arguments to be heard on either side — pro-expansion and anti-expansion; but when all the consequences are carefully considered, there can be but little doubt as to the final decision. Protection has, indeed, paved the way for the proper policy to be pursued. Encouraged by legislative enactments (to be compared in this connection with the English Navigation Laws), the Eastern states have actually reached the industrial stage. The manufacturers of the country have already demonstrated their ability to satisfy the domestic demand for finished goods, and there is still an abundance of food-stuffs and raw materials to allow them to produce a surplus for exportation. Provided foreign markets are to be found for their wares, the profits of the industrialists are thus practically assured; and if, by increasing the demand for agricultural and extractive staples, the manufacturers succeed in raising the price of raw materials, the farmers and miners of the country will also be enabled to dispose of their products, both at home

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and abroad, to much greater advantage than before. Industrial development along these lines should accordingly redound to the economic advantage of the nation as a whole. Diminishing returns we dare not submit to, and isolation is not in accordance with our ideals. Evidently, therefore, the solution of the economic difficulty consists in adding manufactured articles to our agricultural exports; for only in this way can we effectually utilize our resources and so institute a new era of increasing returns.

It would appear, then, that we are about to enter upon a new phase of our economic career. As a result of our efforts under the protective régime, we have become a manufacturing people, and the industrial area of the world has therewith been extended to include the Atlantic seaboard of the United States. We need no longer be purveyors of raw materials alone: we may now become exporters of manufactured wares. Thus, following the logic of events, the United States has been brought to the verge of an industrial transition, similar in many respects to that through which England passed successfully some time ago; and commercial civilization is apparently preparing to shift its centres still further toward the West.

But the change, however much in accordance with the natural order of things, is still contingent upon finding a foreign market for America's finished goods. The established routes of trade across the Atlantic offer but limited opportunities for the exportation of our manufactures, because, with some exceptions, the industrial states of Europe are abundantly able to satisfy their own local demand. It would not be worth while, therefore, to promote our industrial policy primarily in this direction, only to meet with unnecessary opposition from the start. There is no good reason, on the other hand, why American manufacturers should not compete successfully for the trade of the partially developed countries bordering upon the Pacific. European colonists, coming by the easterly route, have been longer on the ground, it is true; but the economic opportunities of the Orient are practically boundless, and geography has apparently reserved the Western section of this Pacific

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territory for our particular field. Missionaries have already converted many of the South Sea islanders to American ways, merchants of the United States have met with initial success in the treaty ports of Asia and in the cities of Spanish America, and the political power of the Republic is even now being extended across the Pacific to the very borders of the Eastern Hemisphere. The lines are thus laid, and everything now points to a fresh period of commercial expansion toward the West.

America has ceased, in short, to represent the *ultima Thule* of economic progress. Nor can the Atlantic any longer be said to bound the possibilities of her export trade. Having become an interoceanic power, the United States should in the future ship her products across both seas. Owing to the wealth of our natural resources, Europe will continue to import our animal and vegetable staples. Our established easterly connections are thus practically assured. Provided we produce an industrial surplus for exportation, a westerly trade likewise awaits us. It is upon this that our immediate future depends, and with such opportunities before us it would be folly to forego the chances of continued commercial success.

In planning to pursue such a policy, we shall find ourselves hampered at the outset, however, by the inadequacy of our maritime connections. Interposed between the Atlantic and Pacific seaboards of the Eastern Hemisphere, North America should, indeed, serve as the best possible point of departure for trading with Europe and Asia; but, owing to the geographic location of the industries of the United States, the country is now practically cut off from its natural markets on either side of the globe. Under the new order of things, the Pacific slope is no longer the only section isolated by the isthmus barrier. With the growth of mining and manufacturing industries, the Atlantic seaboard and the Mississippi valley are now separated from their commercial opportunities in precisely the same way. In the last instance, therefore, national prosperity has come to depend upon the construction of an interoceanic canal; for otherwise, after utilizing our domestic resources, we should be

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unable to dispose of our surplus, and our foreign commerce would eventually be confined within limits too narrow for profit.

Interoceanic communication may not have been an essential to the agricultural exploitation of the continent; but, if our analysis be correct, the canal is certainly a condition precedent to the industrial development of our land. Isthmus transit now means considerably more, therefore, than the mere amelioration of our coasting trade: it is rather a matter of commercial importance upon which the whole policy of expansion depends. Thus the prick of practical necessity is at last bringing the East and the South to realize the exigency of the situation, and the people of the Atlantic seaboard are coming to add their pleas to the long-standing demands of the Pacific slope for a waterway between the seas. It should be only a matter of months, therefore, before the American nation is finally convinced of the urgency of interoceanic communication.

Looking back, in conclusion, upon the trend of historical events, the industrial transition through which the United States is at present passing may very properly be regarded as the culmination of the series of similar changes that have been taken to describe the dynamics of Western civilization. In obedience to Berkeley's law of progress, the industrial centres of the world have shifted in the course of time from the Persian gulf to the Mississippi valley, and the easterly and westerly currents of commerce have therewith been extended further and further in both directions about the globe. True, the Pacific still lies between the termini of the two, but a junction might easily be effected by cutting a canal across the American isthmus.

A mediæval Spanish historian, José de Aosta, went so far as to declare that God constructed the Cordillera with the distinct purpose of preventing this proposed union of the easterly and westerly trade routes. Fortunately for American independence, Europe was obliged to submit to this providential decree, and the marvellous development of our continent is due, to a con-

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siderable extent, to the prevalence of the Pacific barrier. But the time is now past when Americans can reap further advantage from isolation. "East is East and West is West"; but, contrary to a familiar prediction and in accordance with the dynamics of civilization, the twain shall surely meet. Lacking the requisites of progress, Eastern civilization was stranded in the past upon the deforested plateaux of our continent; but Western civilization, gaining power along its path, has acquired impetus enough in America to carry it across the Pacific to Asia. Such is the task that economic conditions have prepared for us—to join the two currents of commerce and make America the meeting ground of the Eastern and Western worlds. Our traditions, it is true, attach us historically to the West, but the future trade of our continent will inevitably draw us into closer contact with the East. As the tide of progress cannot possibly be deterred, the problem before us is properly to regulate its flow. The Europeans have already provided for the easterly current of trade by the construction of the Suez canal; and it is now incumbent upon American engineers to complete the circuit of civilization by cutting the Nicaragua canal, and so to give commerce the spherical course it has striven for so continuously since the early days of Babylon.

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THE SUGAR SITUATION IN THE TROPICS.

THE present organization of the world's sugar trade and the enlarging scope of this industry exhibit one of the most remarkable developments known to modern economic geography. The geographical poles of the sugar trade are now Great Britain and the United States, and the two great areas of production are the beet-sugar countries of the continent of Europe and the cane-growing countries of the American and the Asiatic tropics. These two areas of production have been in active rivalry for the past thirty years, and out of this rivalry have come some striking results. The first is, that beet sugar controls the world's sugar market; for of the eight million tons that constitute the commercial supply of sugar, about five millions are produced from the beet, and the price of this portion of the supply practically determines the price of the three million tons of cane sugar also. Still more significant results are the removal of Great Britain from her once dominant position in tropical sugar production and the elimination of France and Spain from the struggle for leadership in the same line of enterprise, as economic conditions have centered the cane-sugar trade and industry in America. To-day the continental beet-sugar countries supply the United Kingdom with seventy-five per cent of its annual sugar imports (2,500,000 tons), leaving only one-quarter to come from the tropics. The United States, on the other hand, has become the chief market for tropical sugar. In both 1897 and 1899 the sugar imports to the United States (about 1,700,000 tons) ranked first in value among her imports, as well as first in the exports of the cane-sugar countries, amounting to slightly under a hundred million dollars. In 1898 the four principal ports of the United States took one-half of the world's production of cane sugar available for export.

This transfer of the main market for one of the most impor-

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tant tropical staples from Europe to America requires more than passing notice. The causes of the change are various. The policy of France is to develop her beet-sugar industry and to leave her tropical cane fields largely to care for themselves. Spain has now little share in the world's supply, outside of the Canary Islands, whose product is not important enough to be considered in trade estimates. The war with Spain, indeed, changed the title to some of the territory involved, but the tendency to a readjustment of the world's commercial relations in respect to sugar was already pronounced. The tropics as a whole are, in fact, passing under a new economic leadership; and in this change sugar has been the solvent of the old régime and the source of the new.

Another result of the rivalry between cane and beet sugar has been the general adoption, by both tropical and temperate nations, of the policy of supplying their demands for sugar by domestic production. The development of the beet industry has made this possible for countries that are without tropical colonies. Practically all European countries either produce, or intend to produce, substantially all the sugar they require for domestic consumption;[1] and the tropical countries which do not avowedly pursue the same policy are steadily becoming fewer in number. As a consequence, the competition becomes keener to dispose of the continental surplus and the tropical supply in the open markets. But it must be remembered that these two areas of production occupy radically different positions in the world market. As the continent is a liberal consumer, it throws upon the general market in normal times only the surplus of its crop; and upon the sale of this surplus depends the prosperity of only a limited class of the community. But in tropical sugar-growing this single crop is the mainstay of many communities to such a degree that the sudden suspension of the sugar industry is like a dissolution of social order. Under such circumstances, a surplus for a series of years is not easily to be faced. Yet it is such a surplus that has forced down prices in the past fifteen years and obliged the

[1] Fontana-Russo, Commercio dello zucchero, cap. iv. (Milano, 1899.)

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less progressive of the tropical producers to dispose of their annual supply at ruinous rates. From this level of lowered prices, moreover, must be considered the present condition and the future competitive capacity of the cane-sugar industry.

If we rely on commercial statistics, without going beyond the facts of trade, the tropics have been losing ground, as compared with the beet-sugar countries. Taken alone, however, the production of cane sugar has been fairly constant, with a tendency toward an annual increase, for the past twenty years. When we go behind the trade figures, we see that beet-sugar statistics include both the quantities consumed at home and the amounts exported; while tropical sugar statistics are based almost wholly on statements of the amounts that enter into international trade. The beet-sugar figures are, therefore, figures of production — that is, of exportation *plus* consumption; while cane-sugar figures are figures of exportation — that is, of production *minus* consumption. The production of India, for example, is enormous: competent authorities estimate it at from two to three million tons of cane sugar.[1] Yet of this vast yield the relatively insignificant trifle of from twenty thousand to fifty thousand tons only is exported, and that alone appears in our statistics of the world's sugar crop. Furthermore, China's production is in all probability not below that of India. By combining these extra-statistical yields we should have a total of cane production in excess of the beet-sugar product by fully two million tons. Our commonly accepted ratios of the world's cane- and beet-sugar production probably involve gross underratings of the actual cane-sugar yield, because account is customarily taken only of that portion which the tropics contribute to commerce with the Western world. It is not a rash estimate, however, — though only an estimate, — to hold that the Oriental world actually consumes fully as much cane sugar as the Western world does of beet sugar. India and China probably consume as much as Great Britain and the United States.

A survey of the world's sugar-cane areas impresses one with the widespread distribution of cane culture. The sugar-cane

[1] Chisholm, Handbook of Commercial Geography, p. 131.

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zone of the globe is divided by the oceans into three geographical divisions: (1) *The Americas*, including the West Indies and the Sandwich Islands; (2) *Africa and Europe*, including adjacent islands in the Atlantic and Indian Oceans, respectively, and in the Mediterranean; and (3) *Asia and Oceanica*. In each of these grand divisions the limits of cane-growing for the manufacture of sugar extend considerably beyond the tropics of Cancer and Capricorn. On the American continent, for instance, sugar cane is raised up to the thirty-fourth degree of north latitude on the Gulf slope of the United States,[1] and as far as thirty degrees south latitude in Argentine Republic — somewhat less than one-sixth of the circuit of the globe. In Europe and Africa, and in the Orient, the limits are practically the same, cane culture reaching from southern Spain to Natal, and from northern Japan to New South Wales. The earth is thus girdled with a zone of cane-growing lands, within whose vast limits only comparatively insignificant portions have as yet been utilized for the production of the world's commercial supply of cane sugar.

The annual production of cane sugar, at the present time, from all countries whose crops and exports are known to the trade, falls very little short of three million long tons. This total is distributed among nineteen island territories and seventeen mainland districts. Of these thirty-six sources of supply, as shown in the table below, twenty-four are included within the American geographical division. Nor are these all insular or coast lands. In both Peru and the Argentine Republic the successful production of cane sugar has been achieved upon lands far in the interior of the continent; and in British India cane-growing for sugar extends from Cape Cormorin northward to the very foot of the Himalayas. Africa and Europe, it may be seen, have only four main sources of supply. In Africa, Egypt is by far the most important present source; in Europe, Spain alone still maintains cane-growing, granting state aid in the valleys that lead down to the Mediterranean. Asia and Oceanica have eight principal commercial sources,

[1] Census of the U. S., 1890: Statistics of Agriculture, p. 68.

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including Java, Australia and the Philippines, but not considering Formosa, whose exports to Japan are larger than the average yield of Porto Rico, or the Straits Settlements in the vicinity of Georgetown. Apparently, among these geographical divisions, America shows the most extensive diffusion of areas devoted to the sugar industry. The relative importance of the world's cane-sugar districts to the Western markets is revealed by the following statistics:

THE CANE-SUGAR CROPS OF THE WORLD.[1]

IN TONS OF 2240.6 POUNDS.

The Americas:	*1898–99*	*1897–98*	*1896–97*	*1895–96*
United States	235,000	310,447	282,009	237,720
Porto Rico	55,000	54,000	54,000	50,000
Cuba (crop)[2]	300,000	314,009	219,500	240,000
Hawaii	240,000	204,833	224,220	201,632
British West Indies:				
Trinidad (exports)	50,000	53,000	53,000	58,000
Barbados (exports)	45,000	47,835	52,178	47,800
Jamaica	27,000	30,000	30,000	30,000
Antigua and St. Kitts	22,000	25,000	29,000	24,000
Other Lesser Antilles	8,000	8,000	8,000	8,000
French West Indies:				
Martinique	32,000	35,000	35,000	35,000
Guadeloupe	40,000	45,000	45,000	45,000
Danish West Indies:				
St. Croix	12,000	13,000	13,058	8,000
St. Domingo and Hayti	48,000	48,000	48,800	50,000
Mexico (exports)	2,000	2,000	2,000	2,000

[1] Willett and Gray's *Statistical Sugar Trade Journal* (New York) is the recognized authority on cane-sugar statistics. The figures used here are taken from this source. (See weekly editions of April 4, 1895, and April 13, 1899.) While conscientious effort is made to balance the figures of production by those of export and home consumption, it still remains true that cane-sugar statistics are largely estimates — sufficiently accurate, however, for all practical purposes of the trade.

[2] In 1894–5, two years earlier, Cuba, under normal conditions undisturbed by war, yielded 1,121,461 tons (Willett and Gray's *Sugar Trade Journal*, April 4, 1895, p. 6). In estimating the future influence of Cuba, this result must be kept in view, as likely to be repeated at no distant date.

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Central America :				
Guatemala (crop) . .	11,000	9,000	8,000	7,000
San Salvador (crop) .	4,500	4,000	3,000	2,000
Nicaragua (crop) . .	3,750	1,500	500	500
Costa Rica (crop) . .	750	500	200	200
South America :				
British Guiana (exports)	105,000	106,070	99,789	105,000
Dutch Guiana (Surinam)	6,000	6,000	6,000	6,000
Peru (exports) . . .	110,000	105,000	71,735	68,000
Argentina (crop) . .	70,000	110,000	165,000	130,000
Brazil (crop) . . .	165,000	195,000	210,000	225,000
Total in Americas,	1,592,000	1,727,657	1,659,989	1,580,852
Africa and Europe:				
Spain	8,000	8,000	8,000	8,000
Egypt (crop)	100,000	80,000	100,000	92,000
Mauritius	160,000	120,000	150,000	140,000
Reunion	45,000	45,000	48,000	44,700
Total, Europe and Africa,	313,000	253,000	306,000	284,700
Asia and Oceanica:				
British India (exports) .	20,000	20,000	28,000	80,000
Siam (crop)	7,000	7,000	7,000	7,000
Java (exports) . . .	665,000	541,581	473,420	605,025
Philippines (exports) .	100,000	178,000	202,000	230,000
Cochin China	31,000	30,000	30,000	30,000
Fiji Islands (exports) .	35,000	30,000	30,000	30,000
Queensland	150,000	98,000	100,000	60,000
New South Wales . .	30,000	30,000	30,000	30,000
Total, Asia and Oceanica,	1,038,000	934,581	900,420	1,072,025
World's Crop,	2,943,000	2,915,238	2,866,409	2,937,577

A glance at these figures shows that the American tropics produce somewhat more than half of the cane-sugar crop of the entire world. During the period covered by these figures, the yield of this region, as well as that of the other geographical divisions, has been remarkably constant. It is evident that no division has made any extraordinary gains over the others, but that in the great majority of the older areas under cultivation

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the sugar industry is either in a stationary state, or is tending to a contraction of output. This is owing, no doubt, to unremunerative prices in many sections — *e.g.*, the British West Indies — under present agricultural and industrial conditions.

It is furthermore apparent that, geographically considered, cane-sugar production is still centralized within the two historical regions — the East and the West Indies — in which the natural advantages are substantially equal. Cuba, whose normal yield is one-third of the whole world's crop, is the centre of the Western region; Java, in the Malayan Archipelago, is the centre of the Eastern. These are typical regions and fairly represent the state of the industry in question. Together in 1894–95 they produced 55.7 per cent of the cane-sugar supply. Practically all the more important cane-growing areas are included in or are grouped about these two regions, under the politico-economic control of the leading Western states.[1]

Let us now consider the commercial production of cane sugar during the past seven years, from the standpoint of the political distribution of the present sources of supply. There are five European states which have sugar colonies in the tropics. What are the most evident tendencies as to the increase or decrease of production among them? This question seems to be answered by the following table:

THE POLITICAL DISTRIBUTION OF CANE-SUGAR PRODUCTION.

States and Colonies:	*1898–99*	*1895–96*	*1892–93*
French colonies	148,000	154,700	139,220
Dutch colonies	671,000	611,025	438,596
British possessions	752,000	704,800	550,540
Danish possessions	12,000	8,000	9,000
Spain and colonies	8,000	528,000	1,171,758
United States and possessions	930,000	237,720	230,000
Tropical American states	422,000	693,332	482,000
Total (in long tons)	2,943,000	2,937,577	3,021,114

From these figures it appears that the French sugar colonies are practically stationary as factors in the commercial supply.

[1] Chisholm, Handbook of Commercial Geography, p. 332.

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France imposes a duty, varying from thirty to sixty francs per hundred kilograms, on the refined sugar received from her own colonies,[1] largely for the sake of maintaining the domestic production of beet sugar; and this policy is too firmly established and too deeply rooted in the agricultural interests of the country to be suddenly changed. For the present France is, therefore, to be regarded as a constant factor in the tropical sugar situation. The Dutch colonies, on the contrary, have presented one of the surprising phases of the sugar movement in recent years, in the steady expansion of their production. The single colony of Java has shown within six years a gain of fifty-three per cent over the product of 1892–93. The explanation is to be sought in the partial collapse of the Cuban supply during the wars; in the temporary suspension of the Dutch export tax, in order partially to equalize the unequal competition of Javanese sugar with the bounty-fed sugar of Europe; and, finally, in the countervailing duty of the United States upon bounty-fed sugars, which gives the Dutch sugars an advantage in the markets of the United States. Under existing arrangements, the Dutch are more than likely to maintain their advantage among competitors; for Java is just now — and, until Cuba's recovery shall have been accomplished, will remain — the most prolific sugar island in the world. On the whole, too, the conditions of production in Java — the abundant supply of labor, the settled relations of labor to agriculture and the use of improved mechanical processes under expert supervision — give the colony a position in this industry from which it will be difficult to dislodge her.

The British colonies come next in importance to the United States as factors in the present and the future of tropical sugar. In spite of the depressed condition of the sugar industry in the British West Indies for some years, the output of British dependencies taken as a whole has made an advance of thirty-seven per cent since 1892–93. This gain, it is to be noted, has been made largely in Africa (Egypt) and the farther East — in Australia, Mauritius and the Fiji Islands. This total of trade

[1] Brussels Conference on Sugar Bounties, p. 78.

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statistics, however, takes no account of the progress of the sugar industry in the Straits Settlements and in Natal, from which a combined product of perhaps 45,000 tons is derived.

It is possibly true that the British West Indies and British Guiana have, as a whole, been losing ground — slightly in quantity and more in the proportion contributed to the world's commercial supply. But there is no good reason to believe that this loss is to be permanent. The depression of the past fifteen years has resulted from the adherence to methods of production that are inadequate to cope with new conditions of competition. Already, however, reorganization has begun; and the British West Indian sugar industry is in a state of transition from the old semi-slave régime to one in which the leading features are the contraction of areas under cultivation, in favor of more fertile localities, the concentration of manufacturing in central factories and improved relations of labor to the land through "cane-farming." All the elements of a new development are present, with the possible exception of some kind of organizing leadership.[1] The necessary readjustment is likely to be slow, though recent events indicate that it is now being directed by most enlightened insight into the real difficulties and advantages of the situation. The recovery has already begun in the larger islands,[2] stimulated by the recently concluded treaties for reciprocity with the United States, by the subsidizing of steamship lines with the United Kingdom and Canada, and by the internal reforms in land policy.[3] Meanwhile, however, the total colonial yield of Great Britain's dependencies in the East and in Africa have more than offset the losses in the West. According to the late Baden-Powell's figures, the development of the twenty years from 1875 to 1895 was as follows[4]:

Exports (*cwt.*).	*1875*	*1885*	*1895*
British West Indies	5,603,000	5,823,000	4,740,000
Eastern Colonies and Africa . .	2,501,000	4,463,000	4,920,000

[1] H. Cox, The West Indian Agitation, p. 5; Cobden Club Leaflet, CXIII, 1898.

[2] "Jamaica's Development," N. Y. *Evening Post*, July 25, 1899.

[3] *Cf.* Report of the West Indian Royal Commission (London, 1897), C. 8655.

[4] "The Doom of Cane Sugar," *Fortnightly Review*, vol. lxi (1897).

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The advance in the East, simultaneously with a period of depression in the West, must be explained by the enterprising methods followed in the former, both in cane cultivation and in sugar manufacture. Take, for example, Egypt and Queensland, as representative of the state of the British cane-sugar industry outside of the West Indies. Egyptian production has had but twenty-five years of experience. It is, therefore, a new industry, as compared with the two centuries of West Indian experience. Yet in this time the yield per feddan (1.03 acres) in marketable raw sugar has advanced from 1.44 to 1.94 tons — a gain of nearly thirty-five per cent, from superior methods of cultivation, carriage and manufacture.[1] The net profit to the grower is now variously estimated at from $7.50 to $22.50 per feddan. In 1893 there were in all Egypt 49,000 feddans in sugar cane, 36,000 of which belonged to the Khedive's Daria Senieh estates. The business is organized with a view to securing in manufacturing the economies of production on a large scale, while the system of cane culture involves considerable provision for a household tenantry. In no part of the tropical world has the sugar industry a sounder economic basis. Moreover, the feasibility of utilizing the irrigating resources of the Nile to extend the sugar-cane areas has already been demonstrated. The progress in cane culture on these estates from 1889 to 1893 is recorded in the following figures[1]:

Year.	*Feddans in Cane.*	*Cwt. of Sugar Obtained.*	*Average Tons per Feddan.*
1889	29,830	9,726,292	16.2
1890	25,527	9,136,923	17.7
1891	31,512	12,865,760	20.4
1892	34,698	14,517,587	20.9
1893	36,000	13,065,820	18.5

There has been a concurrent reduction in the cost of production in other than agricultural items. The distribution of the cost per ton of sugar among the three items — cultivation,

[1] U. S. Consular Report, 1894, XLVI, 38–44: "Sugar Production in Egypt."

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manufacture and transportation — at the beginning and at the end of a four-year period shows which item bears the chief part in the reduction of cost.

MAIN ITEMS OF COST.	1888.		1892.		GAIN 1889-92.	
	TON OF CANE.	TON OF SUGAR.	TON OF CANE.	TON OF SUGAR.	TON OF CANE.	TON OF SUGAR.
Cane culture	$3.71	$39.35	$3.41	$31.93	$0.30	$7.42
Manufacture	.89	9.57	.90	8.43	−0.01	1.14
Transportation	.56	6.02	.59	5.62	−0.03	.40

The average cost of producing a ton of cane sugar on these estates has, it appears, fallen within this period about one-sixth.

Meanwhile, the price on the London market, for which the Egyptian sugar is made, has also declined, but a good deal less rapidly. The net gain thus insured is due in part, no doubt, to improvements in the quality of the output. In this respect, the progress since 1886 has been favorable to the position of the Egyptian product in the classification of the market. The lower grades of sugar produced by less progressive countries — such as a large part of the British West Indies — feel the present competition the most keenly. The following comparison shows what percentage of sugar and molasses of each grade was obtained from each hundredweight of canes in 1886 and in 1892, respectively, and indicates the tendency in Egypt to develop the highest grade of product.

	Pounds per cwt. of Canes.		*Amount in Tons.*	
Grades of Product.	*1886*	*1892*	*1886*	*1892*
First grade sugar . . .	6.51	8.66	37,543	55,128
Second grade sugar . .	1.77	1.59	10,167	10,160
Third grade sugar . . .	0.55	0.44	3,143	2,776
Total sugar	8.83	10.69	50,852	68,064
Molasses	2.31	2.31		
Grand total . .	11.14	13.00		

The position of second and third grade sugar and of molasses is, then, substantially that of by-products in the Egyptian

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sugar industry, while elsewhere these are the main output, overloading the market with a low-priced commodity. The conditions of labor in Egypt are also favorable for the production of high grade sugar at a relative low cost. Labor is low-priced, ample in quantity, well distributed and of excellent quality. The laborers are well domiciled, industrious and easily controlled. These are industrial elements not usually combined in the tropics. Further, to secure economy in organization and in technical management, well-trained European engineers are employed. On the Khedive's estates alone there are over 300 miles of tramways for conveying the cane from the fields to the central factories, with an enormous saving in cartage and in prevention of loss or deterioration by reducing the time between cutting and crushing. The cane fibre, after being crushed thrice, is dried, and furnishes three-fourths of the fuel for running the factories. In a country where fuel (coal) costs $9.75 per ton, this item alone might easily make up much of the difference between a profitable and an unprofitable industry.

If we take Egypt, Mauritius and Natal together, as African sources under English dominion, we see that British possessions still yield from eighty to eighty-five per cent of the commercial supply of cane sugar credited to Europe and Africa. Outside of these three districts, interest now centers in New South Wales and Queensland. Here, especially in Queensland, the fall of prices has not contracted the area of cultivation. On the contrary, the cane average has increased during the period of falling prices. The sugar industry has the backing of the government, through which farming interests and manufacturing companies have obtained advances of capital required to inaugurate this enterprise. Under the Sugar Works Guarantee Acts,[1] £201,680 were advanced between 1893 and 1895 to eight central sugar-mill companies. The amounts advanced are secured by mortgages to government, by shareholders' properties and by debentures held in trust as collateral by the public treasurer. Interest at five per cent is charged, and refunding begins about a year after borrowing. In 1896–97

[1] Sixth Annual Report of the Auditor-General of Queensland (1895–96), p. xxi.

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eleven mills had unrefunded loans of £158,310, and twelve mills had received advances amounting to £359,989.[1] Refunding in forty half-yearly installments is generally the rule in these loans. The system of state-lending apparently works well. It brings capital to the industry at a low rate — much lower than that at which private corporations could get it; it relieves the government from encouraging the industry in any other form — such as by bounties, discriminating duties or tariffs; and it imposes a degree of publicity upon a new species of enterprise that is not by any means devoid of value in industrial policy. Queensland thus substantially guarantees interest and principal, to the limit of £500,000, of bonds for the construction of cane-sugar factories. The government has, however, the right to purchase debentures issued by these companies. Under this policy, so well planned and apparently as well executed, the commercial contribution of Australia to the world's supply has doubled since 1895–96.

The Australian sugar industry is organized most advantageously, with respect to both the cane-grower and the mill-owner. The small mills of twenty years ago[2] have given place to a new system, in which the central factories are established on the largest scale; but the cultivation of canes is principally in the hands of the small farmer, be he proprietor or tenant.[3] By means of tramways the canes grown on 50,000 acres are delivered at the eighty or ninety central mills of the colony, and branches running in different directions connect the cane farms with the crushing mills so conveniently that the farmer markets his crop without having to leave the field. This economy of conveyance is also extended at Bundaberg to the piping of the cane juice from the crushing mills to the manufacturing and refining establishments, which are situated from two to seven miles away, near railways or wharves. The agricultural operations are equally effective. "The small farmer," says Consul G. W. Bell, "hires a few persons, black and white, and works

[1] Public Acts of the Colony of Queensland (1896–97), p. 54.
[2] H. L. Roth, Report on Sugar Industry in Queensland (1879), p. 50.
[3] U. S. Consular Report, L, 344, 345, 1896.

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with them, thus minimizing the labor cost." The large estates are being broken up and are going into the possession of the small proprietors; for the system of *petite culture* has won the victory over the great estates once wholly worked by the indentured labor of Polynesians. Hence, in point of economic efficiency, the system of cultivation in the cane-farming districts of Queensland is almost, if not quite, on a level with the beet culture of Germany, which it strongly resembles.

In estimating the competitive capacity of the East, we may, accordingly, take Australia as representative of the newer developments in this industry. There the lands are gradually becoming the property of the cultivating class and are, therefore, in the best economic position to compete with European beet-root farmers. The labor of the Oriental farm is lower in price and is abundant in quantity, so long as the indentured system of supply exists; but the rise of small proprietorship will eventually substitute free migration. European engineering skill and superintendence have organized and are now developing the industry, on the basis of economies in manufacture, without that pauperizing of the farmer which results in some parts of the West Indies. The state lends capital to an extent and at a rate which counterbalances much of the advantage derived by European sugar enterprise from nearness to great centres of loan capital. With these facts before us, we may be sure that Australia will not be long in realizing her ambition to supply the whole consumption of these colonies. Then, with the aid of the other Eastern sugar districts, competition with Europe will begin, beet sugar will lose its prestige in the East, and the Oriental surplus product will figure more largely than ever in the Western markets.

The sugar situation in the Eastern tropics can afford little comfort to the beet-sugar industry of the European countries that are engaged in exporting their surplus. The fact is, that the tropical industry has been going through a transition, during which the beet industry has stolen a march on cane sugar. Meanwhile, out of the old system of small estate production, with wasteful machinery and methods of handling, the cane

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industry has developed the newer system of smaller sugar farms, coördinated with immense sugar factories in which all the improvements of European progress have been incorporated. Once the tropical sugar plantations are equally well equipped with machinery, and labor and land are both regarded from the standpoint of permanent productivity, the point of diminishing return will be far more remote than is the case with the beet-sugar enterprise.

A comparison, showing the relative productiveness per hektare of the Japanese and the German sugar fields, has been made by Dr. W. Krüger, of the Halle agricultural experiment station; and the facts thus brought out are a timely offset to the optimistic views of Paasche and others as to the future extent and security of the beet-sugar industry. The data given in the following comparison show that a hektare of sugar canes in Java yields more than twice the quantity of sugar obtained from a hektare of beets in Germany.

RELATIVE PRODUCTIVENESS OF CANES AND BEETS IN SUGAR.[1]

	JAVA.			GERMANY.	
YEAR.	CANE PRODUCTION PER HEKTARE.	SUGAR PRODUCTION PER HEKTARE.	NO. OF FACTORIES PRODUCING AN AVERAGE OF OVER 100,000 KG. OF SUGAR PER HEKTARE.	BEET PRODUCTION PER HEKTARE.	SUGAR PRODUCTION PER HEKTARE.
	Kilos.	*Kilos.*		*Kilos.*	*Kilos.*
1893	82,902	8,711	7	27,500	3,394
1894	76,113	7,888	17	32,900	3,997
1895	86,335	8,451	22	31,000	4,064
1896	76,935	8,120	11	32,300	4,089
1897	85,464	8,602	30	31,300	4,003

A further survey of the Eastern situation reveals still more clearly that the tropics generally have entered upon a new era of development in the production of sugar. Their possibilities of expansion are shown by the fact that during the few years of the Cuban wars Java increased her product from 390,000 tons to 665,000 tons — a gain of over seventy-five per cent.

[1] *Centralblatt für die Zuckerindustrie der Welt*, no. 25, VII, 470.

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At the Straits Settlements of the Malay Peninsula (Penang) sugar is now being made on a large scale for $25 per ton,[1] a lower cost than Europe can afford now to consider. Formosa is just now one of the most backward of cane-sugar-producing countries in the matter of mechanical appliances, yet in 1897 Japan received from this island 66,068 tons,[2] a quantity equal to one-third or one-fourth the yield of the United States. With Japanese control, Formosa will undoubtedly become the means of ultimately excluding beet sugar from Japan, if not also from China. In this respect, Formosa seems destined to be the Cuba of the Eastern Pacific. Moreover, Japanese sugar policy during the past fifteen years strongly emphasizes the probability of this outcome.

We now turn to the Western tropics. The one policy ruling in the six tropical American states — Mexico, San Salvador, Nicaragua, Peru, Argentine Republic, Brazil — is to supply their own slight needs and then to throw the main portion of their product upon the European and American markets. Though these states, including Hayti and San Domingo, now yield, on an average, about eighteen per cent of the commercially available product, it must not be forgotten that in 1895–96 they came within a few thousand tons of ranking first among the cane-sugar districts of the world. In Brazil, Argentine Republic and Peru — the three leading sugar countries in South America — the sugar industry is well established on a modern basis, capable of almost indefinite development. The systems of cultivation and the methods of manufacture have been encouraged by governmental aid. Under this policy Brazil has made wonderful strides since 1890. In 1889 Brazil produced only enough to meet her domestic demands, about 100,000 tons; but in 1893–94 the state of Pernambuco[3] alone, which is now but one of five leading sugar states, yielded a crop estimated at 220,000 to 250,000 tons. By a system of

[1] U. S. Consular Report, XLIX, 139, 140. This is at the rate of one and one-half cents per pound or less (by long ton). Not even in Cuba has this minimum been reached. — See Porter, Industrial Cuba, pp. 285–289.

[2] Mr. S. Uchida, Japanese Consul at New York in private correspondence.

[3] U. S. Consular Report, XLI, 80, 1893.

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premiums, rising with the percentage of sugar extracted from a given weight of canes by the diffusion process, capital has been attracted to this industry. Besides improving the methods of manufacture, the policy of premiums has reacted with excellent effect upon cane cultivation, by encouraging the development of those varieties whose saccharine yield is the most satisfactory in quantity and quality. Besides this, the general government has been guaranteeing a six per cent dividend upon capital invested in sugar factories of a given capacity per year. In 1890 as many as eighty factories, with a guaranteed investment in capital stock of some 58,650,000 milreis, were in operation.[1] The very low price of raw brown sugar and the comparatively high price of white crystallized sugar proved very advantageous for the refining industry also. In the state of Bahia one refinery, whose sales amounted to $150,000, realized a profit of $32,000 on its investment. There is, thus, no important branch of the sugar industry that is not being developed in opposition to a supply from outside.

The same is true of the Argentine Republic. Since 1886 the policy of the government has been to foster the cultivation of cane and the erection of sugar presses. The present product not only satisfies apparently all home demands, but leaves fully 30,000 tons for exportation. The tariff on imported sugar is so arranged as to discourage imports and to encourage domestic refining.[2] The single province of Tucuman — the home of Argentina's sugar industry — is credited with a crop of 150,000 tons for the year 1897–98.[3]

Peru is, next to Brazil, the largest exporting country in the American group of sugar states, having furnished 110,000 tons in 1898–99. Sugar has there acquired the rank of a leading national industry, thoroughly reorganized financially, and now operated on a more extensive scale than ever before. The capital invested in 1894 amounted to $16,700,000, and the annual product is valued at $4,000,000.[4]

[1] U. S. Consular Report, XXXIV, 657, 1890.
[2] Bulletin of American Republics, April, 1896, p. 566.
[3] *Ibid.*, April, 1898, p. 1661.
[4] *Ibid.*, December, 1895, pp. 352–362.

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All the tropical American states are, actually or potentially, in a position to put a surplus upon the sugar market, rather than to afford to other countries a market for a surplus. This situation tends gradually to reduce prices still further, or to force European beet-sugar countries back upon production for domestic supply, with only incidental or at least secondary regard for foreign markets. With English colonies contributing an increasing share of the United Kingdom's consumption, and with the United States supplying their demands from Cuba, from Porto Rico, from Hawaii and from production at home, the two best markets of the world are not at all secure to the beet-sugar producers of Europe. That continental interests have already begun to reckon with this prospect, is evident from efforts to restrict beet-sugar production.

As far as America ceases to be a customer [says a Hamburg trade circular] the whole English sugar demand can be supplied with cane sugar. . . . In well-informed American sugar circles they are convinced that Cuba will cover the entire sugar demand for America in the course of two or three years.[1]

Meanwhile, Great Britain has entered into a ten-year contract to subsidize closer steamship communications with her West Indian sugar colonies.[2] This has had a stimulating effect upon investments and has gone far toward neutralizing the depressing effects of beet-sugar bounties upon cane-sugar prospects.[3] Indeed, the tropical sugar world is rapidly coming to the conclusion that these once dreaded bounties have about spent their force, and that the capacity of the cane-sugar communities to survive depends upon conditions largely independent of the bounty regulations of their European rivals. Under this impulse, the tropics have already entered upon a far-reaching economic transformation.

The influences which have brought about this noteworthy, if not fundamental, change in the tropical sugar situation are

[1] Trade Circular of A. Jahn & Co., Hamburg. — Quoted in the Philadelphia *Press*, October 1, 1898.

[2] "England's Plans for Trade," N. Y. *Times*, July 19, 1899.

[3] "Trinidad's Sugar Yield," Philadelphia *Press*, August 1, 1899.

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manifold and complex. They may, nevertheless, be classified as follows:

1. The passage of large portions of tropical territory under the political, and hence economic, control of countries that have hitherto relied largely on the tropics for their sugar supply. The flag follows trade, not *vice versa*, especially in the relations of the Western nations with the tropics. The most signal examples of this transfer of tropical territory to industrial states are the passage of Formosa under Japanese sovereignty; of Cuba, Porto Rico, Hawaii and the Philippines under the control of the United States; and of Egypt under the rule and regenerating leadership of Great Britain. The appearance of the United States in the West Indies has aroused Great Britain to a more positive policy toward her own dependencies there. The "policy of drift" is of necessity being abandoned, in favor of systematic development. Nothing less vigorous is to be expected of either Japan or the United States.

2. The transition from the more extensive to the more intensive methods of cultivating cane lands, and the adoption of systems of land tenure which involve an increased efficiency of labor upon land, as compared with the older systems. This latter influence appears in Egypt, Trinidad and Queensland, where cane-farming by household occupants of the land has resulted in a great reduction in the cost of canes to the sugar factory. In some cases, this system of tenure has restored abandoned estates to cane culture.

3. The more general adoption of European methods of handling canes between the field and the factory; the utilization of by-products, as in the use of fibre for fuel to run factory engines; and the employment of American and European machinery, by which a larger percentage of yield is obtained and the wastefulness of the older methods is exposed and abandoned. With these changes has also come technical skill in making the tests which decide the relative value of varieties of canes and the methods of treating them economically.

4. The gradual improvement of trade relations between sugar-producing and sugar-consuming countries, aided consid-

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erably, no doubt, by the rivalry of Western nations for tropical trade. Examples of this influence are seen in the reciprocity treaties with the United States and the subsidizing of cable and steamship communications between European countries and their tropical colonies. Thus the tropics have been brought, as producers and consumers, into closer commercial relations with the producing and consuming elements in the Western nations. The effect has been to give a newer and vaster scope to the surplus capital of the latter and the surplus products of the former. On the other hand, the negative restraints upon trade among the Western nations — such as tariffs, bounties, countervailing duties and the like — have tended to check investment in certain industries that are rivals of tropical industries. For example, India[1] and the United States exclude bounty-fed beet sugar; and the reciprocity treaties with the United States, by favoring tropical sugar with a minimum duty, put a narrower limit to beet-sugar development, now prospering under a protective tariff and state bounties. The general effect of these positive aids to trade, as well as of the negative restraints, has been to encourage tropical enterprise in which sugar plays a leading rôle.

The part which the United States and her tropical dependencies are playing in the present sugar situation is somewhat problematical. The remoter possibilities are enormous, but the more immediate outcome is probably overestimated. Independence of foreign supply, in meeting domestic consumption, is not so near at hand as many anticipate. This year's product of sugar from all the sources under the control of the United States, and including cane, beet, maple and sorghum, is barely a million tons, though the country consumes two million tons annually. Hawaii has in all probability reached her limit of production, after twenty years of stimulation under reciprocity arrangements. All her natural cane lands are under cultivation, and Hawaii, like Egypt, will have to depend on irrigation to extend sugar cultivation.[2] The Philippines rank with

[1] Regulation in effect March 20, 1899, avowedly as a protective measure.

[2] Young, The Real Hawaii, App. C, "Sugar," p. 322.

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Hawaii, each producing about a quarter of a million tons. Except in the island of Negros, where European mills exist, the methods of cultivation and of manufacture are antiquated and therefore expensive; and estates are small, not more than a dozen producing 1000 tons of sugar per year, though this is the daily product of many Cuban factories. "The labor problem," says Professor Worcester, "is a most serious one," because of the ease with which the natives of the tropics can get a livelihood and the consequent difficulty of holding native labor to its contract.[1] Importation of Chinese labor into the Philippines is fraught with social dangers. In Porto Rico the sugar industry is nearer dead than alive; for, though it still yields annually about 50,000 tons, its methods are as backward as those of most of the older cane-sugar islands in the West Indies. The land system, the labor system and the transport facilities, as well as the methods of manufacture, are such as, under modern conditions of competition, must bankrupt any industry.[2] The redeeming feature is the presence of the thousands of small peasant holdings, occupied by households accustomed to cultivate canes.[3]

In Porto Rico, as in Cuba, the sugar industry must be reorganized on a sounder economic basis, if it ever regains its former prestige. And no basis of development will be solid which does not encourage native proprietorship in land as a corner stone. The wage system cannot develop the normal degree of economic resources in tropical labor. It may extinguish native labor, as has been done largely in Hawaii in the interest of the sugar industry, by importing migratory hordes from whatever country is willing to lend its subjects to such exploitation. But we are pledged to administer these islands in the interest of their native peoples. Of all the difficulties in the way of Cuban restoration the land problem and the labor problem are the most formidable. We must never forget that the collapse of Spanish dominion was equally the collapse of

[1] The Philippine Islands, pp. 260, 508, 509.
[2] Robinson, The Porto Rico of To-Day, c. xi; Ober, Puerto Rico, pp. 56–58.
[3] Hill, Cuba and Porto Rico, p. 159.

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an old economic régime, tottering on the verge of dissolution from exhaustion of capital and of labor, even at the time of its output of over a million tons of sugar a year (1894–95). There is as yet no adequate economic analysis of Cuban conditions, furnishing facts from which one could deduce the outlines of a rational sugar policy for the United States to follow. Yet the writers of books on Cuba give glimpses of conditions that clip the wings of prophecy,[1] and force upon us the conclusion that nothing short of a thoroughgoing transformation of the relations of the people to the land will suffice to develop the sugar resources of Cuba, under the quickening impulse of capital. If, therefore, the United States proposes to administer her new territory in the interest of the native population, it will be necessary to place the permanent welfare of all economic interests above the speedy exploitation of land and labor in the interest of immediate returns upon capital. This policy will take time, patience and faith, as the elements required to re-lay aright the economic foundations of agricultural Cuba. For Cuba is far above all else agricultural, not commercial or industrial; and to agriculture must we look for the key to the tropical sugar situation, here as elsewhere. As things stand now, Germany continues to control the world's sugar situation — not because of any superiority over the tropics in machinery, nor because of the advantage of fiscal bounties over tropical resources of the soil, but because all the natural advantages under the prevailing slipshod methods of tropical cane cultivation are more than counterbalanced by the scientific methods of European agriculture applied to beet-farming. When the tropics apply to the cultivation of canes (which covers half of the cost of producing sugar) the same degree of scientific attention that has been given to the methods of manufacturing the canes into sugar, then — and not until then — need the beet-sugar interests of Europe look to their laurels, under the present conditions of the trade.

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NEW YORK CITY.

[1] Porter, Industrial Cuba, p. 290.

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THE BARRIER BETWEEN ENGLAND AND DEMOCRACY.

THE most obvious barrier between England and democracy is the House of Lords. This institution the three great Parliamentary Reform Acts have not touched. Its constitution and its powers are as they were before the House of Commons underwent the great reform of 1832; and the manner of creating peers has not varied, while by successive acts a share in the election of the Commons has been extended to every man who for twelve months has had a settled abode and has made no call on the poor-law funds. So far as the franchise is concerned, England is to-day practically a democracy. But England is not a democracy in the same sense as is the United States, or even Canada; for, apart from the House of Lords, which really forms a second line of defense, there is another great barrier between England and democracy.

This first barrier exists in connection with the House of Commons, and it is only comparatively less strong or less perfect than it was before 1832. It grew up partly by custom and partly by enactment, in the last three centuries of the old House of Commons: by custom, chiefly in the sixteenth and seventeenth centuries; by enactment, entirely in the eighteenth and nineteenth centuries. Legislation more recent than the act of 1832, such as the repeal of the Property Qualification Act in 1858 and the drastic Corrupt Practices Act of 1883, have, it is true, to some degree weakened the barrier. The more general distribution of wealth, due to the enormous development of industry and commerce, has also enabled a larger number of men to scale it. But the enactments of 1858 and 1883 made no breaches or loopholes in it; and so, whether buttressed by usage and custom or by law, it is hardly less formidable than it was when the landed classes were in control of both the House of Commons and the House of Lords.

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The barrier in question consists in the expense attending election to and service in the House of Commons. This expense is due to the fact that, while there is no payment for parliamentary service, there are official costs attending elections, extra-official costs of elections, and pecuniary calls made by most English constituencies on their parliamentary representatives. It is the object of this article to trace the origin of these expenses, and to show how much of the barrier is due to usage and custom, and how little of it to legislation.

I. The Breakdown of Parliamentary Wages.

There are no enactments providing that members of the House of Commons shall serve without pay. On the contrary, in the period between 1301, when sheriffs were ordered "to cause knights, citizens and burgesses to have their reasonable expenses in coming to the Parliament, staying there, and returning," and 1542–43, when Haverford West was admitted to the privilege of sending one member to the House of Commons, there were many enactments saddling the constituencies with the payment of members, fixing the pay and prescribing how it should be collected. None of these enactments has been repealed. They are all on the statute book to-day, although no member of the House of Commons is on record as having received wages from his constituents since 1681.

It is easier to trace the breakdown of parliamentary wages in cities and in boroughs than in counties. The records of the municipalities, generally speaking, have been well preserved, and most of them are now available to students, either in local histories or in the reports of the Royal Commission on Historical Manuscripts. From these sources it is possible to trace when the inroad on wages began, and to fix approximately the period at which they had come to an end. County historians, on the other hand, seldom trouble themselves with these details of political life; and singularly few county papers and documents, throwing any light on the official side of par-

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liamentary elections, have thus far found their way into the reports of the Manuscripts Commission. But the conditions were much the same in counties as in cities and boroughs, and it can be taken for granted that wages disappeared in the two classes of constituencies somewhere about the same time and for the same reason. Payment for service ceased when seats in Parliament began to be in demand, and when men were willing to make sacrifices to obtain them.

It is made clear by the municipal records that borough seats in Parliament began early to be in demand. That they were not sought in the first century of the House of Commons, is shown by the number of boroughs which sent members only intermittently or which shuffled out of the duty altogether. But before the fourteenth century came to an end, lawyers were showing anxiety to be of the Parliament, and this feeling can be traced all through the fifteenth and sixteenth centuries. Thus, before the landed proprietors had discovered that it was to their advantage to control parliamentary boroughs, the lawyers had realized the advantage of service in the Parliament.

From a very early period, cities and towns had shown a disposition to elect their recorders as their members. At first the recorders were paid wages and travelling expenses, in the same way as the citizens or burgesses chosen as their colleagues. As time went on, however, the recorders and lawyers not officially connected with the cities and towns began to offer to serve without pay; and, moreover, they began to offer to undertake, if chosen to Parliament, legal work in London for the constituencies, free of charge. Some towns were paying their recorders in the early years of the sixteenth century. Nottingham, for example, paid its recorder for service in the House of Commons in 1504.[1] But half a century earlier, as may be gathered from the *Paston Letters*, the recorder of Norwich was seeking election under circumstances which suggest that he was to serve without pay; and when once the sixteenth century was well turned, agreements between recorders and other lawyers to bear their own charges in

[1] Records of Nottingham, III, 325.

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attending the Parliament become quite common. Sometimes a recorder, so elected, remitted his pay at the end of the Parliament, as was the case with the recorder of Lincoln in 1543;[1] but the more usual plan was that suggested at Grimsby in 1562, when a lawyer writing "from my chambre in the Temple"[2] sought election, and in his letter to the mayor undertook to serve without pay.

The burden of sending members to Parliament had always been borne by the cities and boroughs unwillingly. This is shown by the way in which towns dropped out when the sheriffs were easy-going, and by the gifts made to members of the House of Commons who hurried away before the session came to an end and by so doing reduced the number of days for which payment had to be demanded from their constituents. The same tendency is shown in the agreements by which members undertook service for less than the statutory payment. Thus, in 1445 one of the members for Canterbury served for twelvepence a day instead of two shillings, the statutory allowance;[3] and in 1464 one of the members for Dunwich, a borough almost washed away by the North Sea, before it was deprived of its parliamentary existence in 1832, pledged himself to take no more for his wages than "a cade of full herring, to be delivered at Christmas next coming." This was to be his pay, whether the Parliament "holds long time or short."[4] In the same Parliament one of the members for Weymouth made a similar bargain with his constituents, and the payment in this instance was a cade of mackerel.[5] About the same period Rochester discovered a newcomer who was prepared to serve a session in Parliament to earn the freedom of the city.

The members who made these agreements were responsible for the first inroad on the payment of wages. They were the first blacklegs. After them came the lawyers, willing to serve for nothing. The wages system could not, indeed, possibly have

[1] Historical Manuscripts Commission, Fourteenth Report, app., part viii, p. 38.
[2] *Ibid.*, p. 236.
[3] *Ibid.*, Ninth Report, app., p. 139.
[4] "An Ancient Indenture relating to a Burgess in Parliament," *Archæologia*, I, 225.
[5] Ellis, History of Weymouth, I, 63.

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survived after boroughs began, in the sixteenth century, to submit to patrons and, at the dictation of patrons, to elect non-residents. But the lawyer who would serve for nothing was on the scene earlier than the patron with his nominee, and to the lawyers has to be given the credit or the discredit of breaking down the payment of wages.

Patrons were possessing themselves of boroughs for some years before the sixteenth century came to an end. Sometimes they nominated lawyers, as borough owners continued to do until the Redistribution Act of 1885 finally extinguished the score or more of nomination boroughs which had survived the act of 1832. But just as soon as patrons came into possession or half possession of boroughs, wages in these places ceased to be paid. In many instances, indeed, landed proprietors and courtiers obtained their first hold on boroughs by offering to introduce men who would serve in Parliament without charge. Many boroughs which for two centuries prior to the Reform Act of 1832 were never free from the control of a territorial family, and whose parliamentary representation was often sold or willed away, owed their lack of electoral freedom to a surrender, easily and cheerfully made in the first instance, solely to avoid payment of wages. The sixteenth century was well advanced before burgages in parliamentary boroughs began to possess the enormous values which attached to them from the Restoration until 1832, and, generally speaking, in the sixteenth century borough influence could be acquired and held at little cost. All that was then necessary was that the peer or landowner should be near at hand when an election was approaching, or able to pen a pretty letter, and to have at call men prepared to pledge themselves to exact no payment from the constituencies which elected them.

Prynne, in his searches in the Tower, was able to discover writs of expenses down only to 28 Henry V. "After which," he writes, "they were not entered in the clause, nor any other rolls that I can yet discover, though issued forth at the end of every session and Parliament."[1] There is evidence

[1] Prynne, Survey of Parliamentary Writs, p. 609.

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that these writs were issued as late as Queen Elizabeth's reign; but the issue of a writ was not necessarily followed by its presentation by its holder. Wages were paid in a number of places up to the time of the Civil War. Between 1600 and the outbreak of the war, I have traced their payment by the municipality of Plymouth in 1603–4, of Hastings in 1604, of Liverpool in 1610, of Lynn Regis in 1614, of Barnstable in 1615, of Devizes in 1641 and of Exeter as late as 1642. Andrew Marvell, to cite a much-quoted instance, collected wages at Hull until his death in 1678, and so did his colleague Colonel Gilbey, during the period from 1661 to 1677.[1] Later than this, in 1681, a member for Harwich sued his constituents for wages, and Lord Nottingham decided the suit in his favor.[2] But while it is possible to quote these seventeenth-century instances of payment of members, it would be easy to quote twice as many instances in the same century in which, at the time of election, constituencies exacted pledges from their members that they would not charge the statutory wages and expenses.

Although wages had generally disappeared before Queen Elizabeth's reign came to an end, cities and towns in the sixteenth and seventeenth centuries were fully alive to the fact that none of the enactments making constituents liable for wages had been repealed. Hence the large number of agreements made by members not to demand pay, which are to be found in the municipal records. There is also proof that as early as the first decade of the seventeenth century, constituencies were not only demanding these indemnities, but were also suggesting something more. In 1609, when Lord Robert Cecil was seeking to get possession of Hedon in Yorkshire, it was turned over to him by the corporation, with the plain intimation that previous members had not only served without expense to the borough, but had done something for the corporation.[3]

[1] Marvell, Works, II, xxxv, xxxvi.
[2] Campbell, Lives of the Lord Chancellors, III, 420.
[3] Old Yorkshire, p. 277.

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Long after towns and cities were demanding these indemnities, Parliament continued to legislate as though wages were still uniformly paid. Town charters were also drawn up as if no change were taking place. Thus, in 1513 there was an enactment exempting a shire or a borough from the payment of wages to members who left before the end of the session without a license from the Speaker. When Calais was empowered to send members, by an act passed in 1535–36, it was provided that wages should be paid, and that they should be "levied in such manner of form as within other cities and boroughs within this realm is used and accustomed." The act of 1540, empowering the cities and boroughs of Wales to send members to Parliament, provided that wages should be four shillings to knights and two shillings to burgesses, "as has been the usage according to the ancient laudable laws and customs of this realm." Haverford West came in a little later, in 1542–43; and at that time it was expressly stipulated that the charges of the burgess should "be always borne by the mayor, burgesses and inhabitants of the said town and none other."

These were the last acts providing for the payment of wages to members of Parliament. There are, however, town charters of a later date than the Haverford West Act which provide for the payment of members. In the Buckingham Charter of 1553, for example, there is a clause which provides that burgesses shall be sent to Parliament at the cost and charges of the borough, parish and commonalty. As late as 1615, when Tiverton was first given the right to send members, it was conveyed in a clause in the charter, which set out that members "should repair to Parliament at the cost of the inhabitants of the town of Tiverton."[1] But when the county of Durham came into the parliamentary system in 1682, there was no provision for the payment of members; nor does the Act for the Union of England and Scotland contain any such provision.

The journals and the unofficial records of the Restoration Parliaments afford both negative and positive proof that, with

[1] Willis, History of Boroughs, II, 381, 382.

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rare exceptions like that of Kingston-upon-Hull, wages were by this time generally at an end. The Durham Act of 1682, with its significant omission, is negative proof; while for positive proof there is the fact that in the session of 1676 a bill was read a second time for "indemnifying the counties, cities and boroughs from paying any wages now due to any members that serve in this Parliament." When this bill was under discussion, Sir Richard Temple stated that "wages have been scarce received these eighty or one hundred years." Few of the members who voted for the bill had ever received wages or had any expectation of receiving them. It was introduced by Sir Harbottle Grimston in order to prevent certain members of the House, including his own colleague at Colchester, from forcing their constituents to reëlect them, by threatening that unless they were reëlected they would sue for wages from the beginning of the Restoration Parliament.[1] Contrary to the usual practice, the House divided on the first reading of the bill; and "so considerable a number of the affirmatives went out for it, that all the rest followed after them, and there were scarce either tellers or men to be told left behind."[2]

The bill did not get beyond second reading, but it had the effect of reminding constituencies that it was still possible for members to claim their statutory allowances. Between that time and the Revolution, bonds of indemnity occurred with frequency in the municipal records. In the year following the introduction of Sir Harbottle Grimston's bill, Alderman Briggs of Norwich — "a darling of the city, and some are pleased to say of the county, too"[3] — was nominated at Norwich. He declined the nomination and told the court of aldermen that, if they persisted in it, "he would not part with sixpence to entertain them, nor abate the allowance for the maintenance of the burgess."[4] In 1679 another effort to put an end to wages by enactment was embodied in a bill for regulating the abuses of elections, read a second time on April 5.

[1] Marvell, Works, II, 518. [2] *Ibid.*, 525.
[3] Lord Yarmouth to his Wife, H. M. C., Sixth Report, part i, p. 390.
[4] John Gough to Lord Yarmouth, *ibid.*, p. 384.

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It is hereby likewise enacted [read the clause] that no writ or suit shall be hereafter sued, prosecuted, or proceeded, for wages, or any sum or sums of money, due or demandable for wages by any knights, citizens, or burgesses, for or in respect of their services in Parliament; but all such wages are and from henceforth shall stand released and discharged.[1]

This bill also failed; and, if Campbell's *Life of Lord Nottingham* is to be relied upon, in 1681 Harwich was compelled to pay parliamentary wages to one of its representatives.

Contemporary political literature shows that at this period the idea still survived that wages were regularly paid. A writer of a tract, dealing with a lawsuit against a bailiff of Haslemere, proceeds on the assumption that wages were paid in even this wretched parliamentary borough.[2] Even after the Revolution, the House of Lords assumed that members of the House of Commons were still in the receipt of wages. In 1696 the Lords rejected a bill establishing a property qualification for members of the Commons; because "it seemed both unjust and cruel, that a poor man, having so fair a reputation as to be chosen notwithstanding his poverty, by those who were willing to pay him wages, that he should be branded with incapacity, because of his small estate."[3] But after the eighteenth century began, when there were sometimes as many as two thousand candidates for the 513 English seats,[4] and when bribery in cash — and cash in large amounts — had taken the place of treating, which alone had generally prevailed from the time of James I to the Restoration, wages became a tradition, and cities and boroughs ceased to trouble themselves to exact the bonds of indemnity which had been customary in the sixteenth and seventeenth centuries. After the Revolution they begin to disappear from the municipal records and documents.

It is on record, however, that wages were demanded as late as 1707 at Montgomery. They were not paid, and Mason, the member who demanded them, had no writ of expenses

[1] Somer's Tracts, VIII, 396, 397. [2] *Ibid.*, 273.
[3] Burnet, History of his Own Times, III, 231.
[4] H. M. C., Fifteenth Report, app., part iv, p. 11.

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when he made his demand.[1] It is doubtful whether Mason's demand was bona fide, and extremely probable that it was made in the same spirit, and for the same end, as the threatened claims which led to Sir Harbottle Grimston's bill in the Restoration Parliament. As late as 1728 it was a tradition at Montgomery that members were paid, and in an election petition trial before the House of Commons in that year, in respect to the Montgomery boroughs, liability for parliamentary wages was admitted. Even in this instance, however, the admission seemingly was not bona fide, but was made rather to refute the claim of outlying boroughs to vote at the Montgomery election, on the ground that "they had long ceased to contribute to the member's wages." Still, the Montgomery case has historical significance; for it shows that liability for wages was admitted in parliamentary proceedings up to within a century of the Reform Act of 1832.

Without the payment of wages the House of Commons could not have survived its first century. They undoubtedly kept it together in the period when membership of both the House of Commons and the House of Lords was little regarded — when attendance on Parliament was deemed a burden by constituencies and their representatives, as well as by members of the Lords. Just as soon, however, as seats came to be in demand, wages began to disappear; and it is certain that later than the first half of the fifteenth century paid members must frequently have sat side by side with men who were serving without pay. This lack of uniformity continued, moreover, but with an ever-increasing number of unpaid members, until in the closing decade of the seventeenth century wages finally disappeared.

II. Official Costs of Elections.

The saddling of official costs on parliamentary candidates has its origin, like the breakdown of wages, in the eagerness of men in the sixteenth and seventeenth centuries to be of the House of Commons. So long as members were compelled to

[1] Journals House of Commons, XXI, 137.

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find sureties for their attendance in Parliament and received wages from their constituents, elections cost little or nothing. The machinery of election was of the simplest character and, excepting only the county sheriffs, it was to everybody's interest that elections should cost nothing; for all election expenses, like the wages and the expenses of the members, then constituted a common local charge, and consequently a charge which it was everybody's interest to see kept at the lowest possible level.

The custom of throwing official expenses on candidates dates from a later period than that at which members became willing to serve without pay. It developed from the time when men were willing not only to forego wages, but to spend money to secure election. Official expenses must have continued nominal as long as all elections for counties, as well as for cities and boroughs, were made in the county court. Then the sheriff was the only returning officer for a county, no matter how many cities and boroughs it might contain. When, however, after 1444, the sheriffs were compelled by law to direct their precepts to returning officers in the cities and boroughs, and all elections had to take place within the constituencies, the number of officials concerned in elections, and eager to collect fees, was largely increased.

Uniformity in the matter of charges was not possible without some enactment and some power behind the enactment to secure its enforcement. There were, however, no such enactments applicable in all their provisions to cities and boroughs, as well as to counties, until within four years of the Reform Act; and there were no enactments of any kind throwing election expenses on candidates until the reign of Queen Anne. From the time seats became in demand in the fifteenth century until 1711, a returning officer could point to no law authorizing him to charge parliamentary candidates with the expenses of an election. During these three centuries custom and usage only regulated this and numerous other details of parliamentary electioneering, and not until 1821 was there any act which regulated all the charges a sheriff or a returning officer might

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make upon a parliamentary candidate. Even the act of 1821 was applicable only to Ireland, and England had no equally inclusive law until 1875, while Scotland had to wait until 1878 for a similar enactment safeguarding candidates against returning officers' charges.

It is not probable that these charges began to form any considerable item in the expenses of candidates until the end of the sixteenth century. But from then onward it is possible to trace the establishment of a system of fees, which increased in amount with the generally changing relationships between members and constituents. Bribery by treating was prevalent in the closing decade of the sixteenth century. Money bribes to voters, especially in the cities and boroughs, had become general before the end of the Restoration Parliament, and they grew in amount, according to the nature of the constituency and the character of its franchise, until the Reform Act. As candidates who would serve without wages were succeeded in the seventeenth century by candidates who were in addition willing to treat to secure election, and as these in their turn were comparatively soon succeeded by candidates or borough patrons who were willing to bribe in cash, it is not difficult to imagine that returning officers resolved that some of the spoils should fall to them. Furthermore, it is not difficult to imagine that they began by insisting on fees proportionate, not to the value of the services rendered, but to a candidate's eagerness to be elected, in connection with his ability and willingness to spend.

In the cities and boroughs,[1] all through the last two centuries of the unreformed Parliament, charges on candidates were exclusively for services rendered by the returning officers and other municipal officials. In these constituencies there were guildhalls or churches in which elections could take place; though oftentimes they were held in the open air, at the market cross; and in some places, particularly in the burgage boroughs, before the traffic in burgages was systematized, the returning officer

[1] Except in the city of Westminster, and perhaps in two or three other of the large scot and lot constituencies.

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went from house to house to take the poll. In cities and boroughs, consequently, there were no expenses for the erection of booths. In the counties, however, booths came into use in the last half of the seventeenth century, and the cost of erecting them and manning them with clerks was from the first thrown upon candidates. The sheriff, in the absence of any law on the subject, had matters so much in his own hands that he had no difficulty in compelling a candidate to pay all official expenses beforehand or to give security for their payment.

It is certain that before the Revolution official expenses had become considerable and were already engaging the attention of parliamentary reformers. Thus, in the bill of 1679 for abolishing wages, there was a clause fixing the sheriff's fee at half a crown, in order "to prevent exactions, extortions, and briberies, under the pretence of gratuities, presents, or recompense."[1] Again in 1688, when Shaftesbury drew up his elaborate scheme of parliamentary reform, he anticipated the demands of the Radicals of the present day, by suggesting that parishes and counties should bear the cost of elections, thus reverting to the plan of the period when constituencies paid their members out of local funds.

Long before these plans of reform were suggested, and until as late as 1813, there were charges in London, as well as in the constituencies, which fell on parliamentary candidates. With the demand for seats, there had grown up a practice of bribing clerks and messengers in the Crown Office, in order to secure early possession of the writs. Before seats were in demand, knights of the shire usually carried the writs from London to the sheriffs of their counties. But when seats in Parliament became objects of desire, this plan was too slow and too regular for candidates who were anxious to forestall their competitors. Douceurs were accordingly given to officials in the Crown Office for possession of the writs, and for generations these douceurs were regarded as part of the official incomes of the clerks and messengers. In 1813, when the delivery of writs was turned over to the post office, it was enacted that

[1] Somer's Tracts, VIII, 396, 397.

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one official should receive during his lifetime £500 every time a new Parliament was called, and £2 2s. in respect of each by-election; while another official, in lieu of the fees he had received under the old system, received a pension of £520 for life.[1] These charges at London, together with those made by the returning officers in the constituencies, were all saddled by custom on candidates.

There was no statutory warrant for any charge upon a candidate in connection with an election until 1711. In that year an act — which applied, however, only to the counties of Yorkshire and Cheshire — authorized the sheriffs to cause a certain number of tables to be made, "at the proper cost and charge of the candidates," for taking the polls in county elections at York and Chester.[2] This clause was tacked to a bill designed to prevent fraudulent conveyances to make forty-shilling freeholders. Fifteen years earlier than this, Parliament had passed an act making it mandatory on the sheriff of the county of Southampton, at the request of "one or more of the candidates for the election of a knight or knights for that county," to adjourn the poll from Winchester to Newport, Isle of Wight, after all the freeholders on the mainland had polled.[3] This adjournment of the poll, "for the ease of the inhabitants of the said island," must necessarily have involved additional outlay, and the act clearly imposed a new duty on the sheriff. But there is not a word in it as to who was to pay, or as to what were to be the sheriff's charges. Later in the same session there was an act ordering sheriffs to appoint poll clerks;[4] but again, as in the Newport Act, there was nothing to indicate who was to pay the fees of the clerks. This matter was not determined by statute until 1745.

In 1710, when Parliament established landed qualifications for members of the House of Commons, it was provided that oaths could be called for, either by opposing candidates or by two or more electors. For each oath administered to a candidate, and also for each certificate that it had been taken, the

[1] 53 George III, c. 89.
[2] 10 Anne, c. 31.
[3] 7 and 8 William III, c. 21.
[4] *Ibid.*, 25

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sheriff was authorized to charge a fee. Only inferentially, however, was the payment of this fee thrown on the candidate; and the act of 1711, mentioned above, is the earliest enactment categorically empowering sheriffs to levy charges on candidates. This has been followed by a series of widely separated enactments, culminating in the act of 1821 for Ireland, the act of 1875 for England, and the act of 1878 for Scotland, which now throw every official item of expense — including cost of polling booths, ballot papers, returning officers' fees, clerk hire, police and advertising — on parliamentary candidates and make it obligatory on a candidate to give security for his quota of these expenses before he can go to the poll.

Until 1745, except at York and Chester, the returning officer was guided in all matters pertaining to the expense of elections only by the common law, under which he was not compelled to put himself to any expense in order to accommodate candidates or voters. It was sufficient that at the time and place appointed he should be present, and ready to take and count the votes of such electors as presented themselves.[1] He was not required to erect hustings or booths; and what a sheriff might do in this way, prior to 1745, was entirely a matter of arrangement between him and the candidates. The act of 1745 greatly altered the relationship between sheriffs and candidates, and made it obligatory on the sheriff to erect "at the expense of the candidates, such a number of convenient booths, or places for taking the poll, as the candidates, or any of them, shall, three days at least before the poll, desire." Moreover, the act made it mandatory upon the sheriff to appoint "a proper clerk or clerks at each of the said booths or polling places to take the poll, which said clerk or clerks shall be at the expense of the candidates, and be paid not exceeding one guinea a day." The sheriff was further empowered by this act to make lists "of the several towns, villages, parishes and hamlets in the wapentake" for which each booth was designed, and to deliver copies to the candidates, "taking for the same two shillings and no more."[2]

[1] Heywood, Borough Election Laws, p. 164. [2] 18 George II, c. 18.

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For candidates, the changes effected by the act of 1745 were of great importance. Hitherto, if a candidate had not agreed with the opposing candidates and the sheriff as to the erection of booths, he could not well be charged with any part of the expense. But after 1745 it was within the power of one candidate to insist on the erection of booths and to make his opponents pay their share of the expenses, whether they deemed the booths necessary or not. Moreover, clerks' fees were now thrown by law upon candidates. After 1745, until the Reform Act of 1832, whenever any change was made in the detail of elections, Parliament was careful to throw the additional cost on the candidates. Thus, in 1794, when it was deemed expedient that booths should be provided, in which county electors should take the oaths of allegiance and supremacy, make the declaration of fidelity and take also the oath of abjuration, it was provided that the outlays of the returning officers on these booths "shall be repaid to them by the candidates at such election in equal proportion."[1] Earlier than this, also, in 1788, when Parliament enacted a most elaborate system for the registration of county voters, — only to repeal it at the next session as unworkable and altogether too costly, — it was expressly stipulated in the act that the attendance of the clerk of the peace, with the duplicates of the land-tax assessments, at the time of the election should be at the expense of the candidates. In short, after 1711, when once Parliament got into the way of throwing expenses on candidates, it never left any doubt, in any measure which it passed dealing with election procedure, as to who was to pay the bills.

Only two of the measures dealing with election expenses passed in the eighteenth century were applicable to cities and boroughs. These were the act providing commissioners to administer oaths and the act of 1794, authorizing returning officers to erect booths in which these oaths could be administered. The latter act, however, was practically applicable only to a few large urban constituencies.

In 1781 an act was passed, regulating the admission of free-

[1] 34 George III, c. 73.

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men in the borough of Coventry, which contained a clause directing that an election booth should be "erected in the widest and most convenient part of the open market place called 'Cross Cheapening,' not contiguous to any other building." But, like the acts which were passed up to 1711, dealing with county elections, the Coventry Act of 1781 contained no provision as to who was to pay for the election booth; and by that omission much trouble was soon caused to the mayor, bailiffs and commonalty, who had the strongest convictions as to who ought to pay. So, in 1785, the mayor and the bailiffs went to the House of Commons with a tale of woe. At the preceding election the booth had been erected according to law, and the successful candidates had paid their moiety. "But the other moiety," reads the petition,[1] "hath not hitherto been reimbursed, although payment thereof has been frequently demanded." To prevent similar injustice in the future, the mayor and bailiffs conceived "that there should be a law declaring at whose expense the election booth should be erected." They also urged "that it should be erected at the joint and equal expense of the candidates." Leave was given for the introduction of a bill so amending the act of 1781;[2] but, so far as I can trace, the measure made no further progress.

Election expenses in boroughs were again the subject of much controversy, in and out of Parliament and in the law courts, in 1808 and the following years, owing to the refusal of Sir Francis Burdett, in 1807, to reimburse the High Constable of Westminster for one-fourth part of £1228, expended by the high constable as returning officer at the Westminster election. Burdett refused on principle to pay, and set up the plea that a member should be elected free of all expense. The only statutory charge in the high constable's long bill of expenses was that for administering oaths to Roman Catholics; for Westminster was a large constituency, and to administer oaths it had required two commissioners, whose fees amounted to £39. The acts authorizing the erection of polling booths and the hire of poll clerks were then applicable only to counties. When the case

[1] Journals House of Commons, XL, 606. [2] *Ibid.*, 814.

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reached the law courts, it was urged in behalf of the high constable that, "from the antiquity and notoriety of the different charges, a promise might be inferred on the part of every candidate to submit to them."[1] The case went against Burdett in respect of £117, this amount including one-fifth of the charge for the hustings which Burdett's committee had used, his quota of the special commissioners' fees and a small share of the printer's bill. This was really a verdict for Burdett; and, therefore, in 1811, to protect the high constable and "to the intent that a stop may in future be put to such controversies and the ill consequences of the same,"[2] an act was passed, extending the act of 1745 to Westminster. In 1813, and in subsequent years, the Westminster Act was renewed, on the ground that "it hath by experience been found useful and beneficial," and was apparently continued until 1828, when at last, on the eve of the great reform of 1832, there was passed an act generally extending the act of 1745 to cities and boroughs.[3] Up to this time returning officers in cities and boroughs had had no general statutory authorization, with the exception of the acts dealing with the cost of administering oaths, for the charges they had so long levied on parliamentary candidates. Like the High Constable of Westminster, who had had to sue Burdett, returning officers had assumed that, from "the antiquity and notoriety of the different charges, a promise might be inferred on the part of every candidate to submit to them." This inference had no doubt served returning officers uncommonly well; for in some places, notably at Winchelsea, returning officers had been able to exact fees for their individual services as high as £200.[4]

When Ireland came into the Union in 1801, while the number of Irish members was greatly reduced, the mode of election peculiar to the Irish House of Commons was continued; and among other enactments there was continued the act of the

[1] Campbell, Reports of Cases at Nisi Prius, I, 211.
[2] 51 George III, c. 126.
[3] 9 George IV, c. 59.
[4] Oldfield, History of the House of Commons, V, 412.

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Irish Parliament of 1795,[1] which, like the English act of 1745, threw the cost of polling booths and of clerks on the candidates. After some amendment, this legislation was superseded, in 1821, by the most detailed measure dealing with official expenses at elections up to this time put upon the statute books.[2] In the schedule to this act, every charge which a returning officer could then make is set out and fixed in such a way as to suggest that this act for Ireland was the precursor of the acts for England and Scotland, passed in 1875 and 1878, respectively.

On the eve of the Reform Act of 1832, there was another slight attempt to relieve members of the House of Commons from the payment of official expenses in connection with elections. It was made in 1828, and is the only movement of the kind I have been able to trace since Shaftesbury's Bill of 1688, which aimed at throwing the expenses on counties and parishes.[3] Like the bill of 1688, the movement of 1828 was not general in its character. It affected only one constituency, and was made in the bill for transferring the franchise from the corrupt borough of Penrhyn to Manchester. Lord John Russell was in charge of the bill; and it was his proposal that the deposit for defraying the expenses of the hustings and the other official charges should be returned to the successful, but not to the unsuccessful, candidate.[4] The author of the bill evidently felt that this discrimination between a successful and an unsuccessful candidate needed some defense; and, accordingly, he insisted that if the candidates were treated alike, "a person possessed neither of property nor a chance of success might, by setting himself up as a candidate, throw the town into an uproar." The proposal was opposed by Sir Robert Peel, who held that no man should be considered qualified as a candidate unless he was prepared to defray his proportion of the necessary expenses of the election; while other members objected that it would be unfair to vary the general law in the

[1] 35 George III, c. 29. [2] 1 and 2 George IV.

[3] It was suggested in 1774 that county voters should be polled in districts, instead of at the county town. But this proposed reform was to lessen the expenses of candidates and not to relieve them of the expenses altogether. — *Cf.* Hansard, Series II, XVI, 1189. [4] Hansard, Series II, XVIII, 1328.

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case of Manchester. In view of this opposition, Lord John Russell withdrew the clause. Although he had a large share in drafting the Reform Act and in piloting it through the House of Commons, he did not renew his efforts at that time in behalf of parliamentary candidates; and in the Reform Act the matter of official expenses was left much as it stood after the act of 1828. The only change was that the cost of booths was not to exceed £40 in counties and £25 in cities or boroughs.

Until 1875 a returning officer had been entitled, except where a maximum charge was thus fixed, to his "reasonable charges." But the general act of that year, which is now in force, left nothing open to doubt, for it fixed a long series of maximum charges based on the number of electors. It also fixed the amount of security for costs which a returning officer might demand from the candidates and gave candidates the right to have the official costs taxed as in a lawsuit. At present, after every general election, a return is issued of the official costs in each constituency. The amounts vary, of course, according to the character and size of the constituency, but a good idea of the average costs may be formed from the schedules of the act of 1875. They show that, in a constituency with less than a thousand voters, the returning officer can demand security for £100 from each parliamentary candidate; and the sum which can be so demanded increases, in proportion to the number of electors, until it reaches £700 for a borough constituency with 30,000, and £1000 in the case of a county constituency with an equally large electorate.

III. Extra-Official Costs of Elections and Pecuniary Calls on Members.

Under these heads fall the very considerable expenses incurred by a member in conducting his canvass at the time of an election and in maintaining the good will of his constituents in view of future candidacy. Election managers and electioneering agents were well established in the middle years of the

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seventeenth century and became increasingly important in the eighteenth, especially in county constituencies and in burgage boroughs, in both of which lawyers were needed to deal with the intricacies of the franchises. From the time when seats in Parliament became in demand, and when elections lost their mediæval simplicity, candidates must necessarily have spent, in a legitimate way, comparatively large sums in the conduct of elections.

In the days of the Unreformed Parliament, and for nearly half a century later, it would have been difficult to determine exactly where expenditure which was really bribery ended and legitimate expenses of electioneering began. Since the Corrupt Practices Act of 1883, however, this difficulty of distinction has disappeared. That act has made a larger inroad on the barrier between England and democracy than any other legislation passed by Parliament. It minimizes the advantages of the long purse, because it limits the personal expenses of a candidate while engaged in an election contest, and also strictly limits the sums he can spend on printing and advertising and on holding public meetings. Still, under this act, a candidate in a borough with two thousand electors can spend £350; and in larger boroughs a candidate can spend beyond £350, at the rate of £30 for every additional thousand electors. In counties with over two thousand electors candidates can spend £710, and in larger counties an additional £60 for every thousand electors above two thousand.

There is no compulsion upon a candidate to spend at this rate or to spend at all: he need only issue his address. But as matters now stand in most English constituencies, a candidate who went no further than this, unless he were a Gladstone or a Bright, would have no chance of election; and, generally speaking, in a seriously waged contest, a candidate must be prepared to spend an amount approximating the limit allowed by law.[1]

[1] Taking one constituency with another, Mr. W. S. Caine estimates that a candidate must be prepared to spend £1000 on the official and extra-official expenses of a contested election. — See letter quoted in Manchester *City News*, Jan. 15, 1898.

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In addition to expenditure at the election itself, a candidate who has been long in the field has had to contribute more or less liberally to the expenses attendant upon the annual revisions of the voters' list; and if he is elected, unless his relations with his political party in the constituency are out of the ordinary character, he must continue to contribute to the cost of the annual revisions, so long as he retains his connection with the place. These expenses for the revision of the voters' lists are the most modern of any of the expenses which come against a parliamentary candidate or against a sitting member. Before the act of 1832 there were, except in freeman boroughs, no registers of voters. In the scot and lot boroughs, the rate books or the rate collectors' receipt for rates served the purpose of the present-day voters' list. In the burgage boroughs a voter had to produce his deeds; in the corporation boroughs electors were too few to need registration; while in the counties a voter either produced the receipt for the land tax or took an oath that he was entitled to vote under one or other of the score or more of descriptions of the forty-shilling freehold franchise. But even when these were the usages, a candidate did not go scot free; for much of the work of the agents of the political parties and of the parliamentary candidates, now done each year in the registration courts, was then done either at the polls or a stage later before committees of the House of Commons deputed to try contested elections.

The pecuniary calls which constituencies now make on their members date, so far as I have been able to trace them, from soon after the time when treating gave place to bribery, or rather when treating became insufficient and money bribes were superadded. From the time non-resident candidates began to be elected in the boroughs, and these outsiders were made freemen to comply with the statutes as to residence, members began to give comparatively large sums to the town funds, nominally for admission to the freedom but really as bribes. These were the earliest instances of direct bribes to a constituency as a whole. In the last half of the seventeenth century, however, these gifts to constituents *en masse* began to

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take more varied forms. Thus, at Hastings, in 1640, Robert Read, who was anxious to be chosen by the mayor, jurats and freemen, undertook "to give to the poor £20 down and £10 a year during life, besides two barrels of gunpowder yearly for exercising the youths."[1] At Weymouth, in 13 Charles II, the mayor in behalf of the corporation requested Bullen Rymes, one of its members, to contribute towards the cost of restoring a bridge which had been ruined during the Civil War.[2] Sir Joseph Williamson, one of Charles II's secretaries of state and the founder of the *London Gazette*, who sat for Thetford from 1669 to 1687, in 1669 gave £26 towards the cost of an act of Parliament for making the Little Ouse navigable from Brandon to Thetford. In 1678 Williamson also built the county court room, as an addition to the guildhall at Thetford; in the same year he gave a sword and mace to the corporation; and later he restored, at his own expense, one of the bridges.[3] In 1684 Sir Thomas Hervey, who represented Bury St. Edmunds, a neighboring borough to Thetford, followed Williamson's example and presented Bury St. Edmunds with a sword and mace. Philip Bertie, who represented Stamford from 1690 to 1698, in 1690 contributed £3 to the rowdy popular entertainment known for centuries as "Stamford's town bull-running day" — an entertainment which, a century and a quarter later, it required an act of Parliament, all the authority of the Home Office and troops of dragoons to suppress.[4] In 1694 one of the members for Lymington gave £50 for the repair of the quay.[5]

These instances show that the bribery of constituents *en masse* was becoming a prevalent practice before the seventeenth century came to an end, but instances became more numerous and more varied in the eighteenth century. Then, and until after the reform of Parliament, gifts from members often took the form of public improvement, which otherwise would have

[1] Calendar of State Papers, Charles I, 1639–40, p. 565.
[2] Ellis, History of Weymouth, p. 90.
[3] Millington, Life of Williamson, p. 16.
[4] Burton, History of Stamford, p. 53. [5] Barbe, Lymington Records, p. 44.

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had to be defrayed out of municipal funds or left undone. At one town the member would build a workhouse; at another he would provide a fire engine; at a third he would advance money without interest to pave the streets; at a fourth he would rebuild the guildhall; at a fifth he would pay the expenses of carrying through Parliament a private bill authorizing some local improvement; while gifts to local race meetings were everywhere common.

With the changes in town life which have resulted from the Municipal Corporations Act of 1835 and the enormous increase of population connected with the growth of manufactures, the character of these charges on members of the House of Commons has been modified. Contributions are now directed to secure the good will of constituents, not *en masse*, but by groups and sections. Although nineteenth-century members are not expected to build town halls and bridges, equip fire brigades and pay the charges for improvement acts, they are still expected to meet an indefinite and constantly growing number of claims from churches and philanthropic organizations, as well as from cricket and football clubs.

The modern member in the House of Commons is, I think, even worse off than his predecessors. In the eighteenth century, when the member had built a town hall or a bridge, he had done with these claims for at least a few years. The political claims on members on the part of constituents were in those days far from exacting, and scores of borough members seldom went near their constituencies from the end of one Parliament to the end of the next. But nowadays, even as regards political claims, constituencies are as exacting as in the early period, when members were residents and wages were still paid. Then a member was expected to review the session's work with his constituents, when he received his wages. Nowadays members have no reckonings of this kind with their constituents; but there is hardly a constituency which does not expect its representative to address it at least once a year. Moreover, in the days of the Unreformed Parliament, there was no penny post; while nowadays it is possible for every

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group of schoolboys, when they form a cricket club, to worry the local member with a demand for a subscription.

Mr. W. S. Caine, who has sat in two or three recent Parliaments, estimates that these claims on members cannot be met for less than £500 a year. In the issue of the newspaper containing Mr. Caine's letter,[1] there was also a report of a political meeting at Oldham, at which the member produced a roll over twenty feet long, containing requests for subscriptions. He also stated that one of his colleagues in the Parliament elected in 1895, who sat for a near-by county division, had told him that in one year he was asked for subscriptions to the amount of £27,000. There are a few members of the House of Commons who refuse to be blackmailed in this fashion — who interpret the Corrupt Practices Act as ridding them of all these claims. But the majority of members respond to them, and by so doing help to perpetuate that part of the barrier against democracy which was built up and is now maintained solely by custom and usage.

EDWARD PORRITT.

FARMINGTON, CONN.

[1] Manchester *City News*, Jan. 15, 1898.

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THE FRENCH DECLARATION OF THE RIGHTS OF MAN, OF 1789.

EVER since Burke denounced the *Constituante* and the "clumsy subtility of their political metaphysics," which, like Æolus' winds, were like to "sweep the earth with their hurricane," there has been a marked tendency upon the part of English and German historians to condemn the Declaration of the Rights of Man as an instance of Gallic light-headedness. Sybel thinks that the terrible crisis which confronted France in the following years may be clearly seen in its provisions;[1] and almost all writers agree that much valuable time that should have been devoted to urgent concrete reforms was wasted in empty scholastic disputation. Frenchmen[2] have in some cases condemned the Declaration from the standpoint of political expediency as harshly as foreign critics. On the other hand, the Declaration not only aroused general enthusiasm when first published, but appeared over and over again, in a modified form, in succeeding French constitutions down to 1848, and has been the model for similar declarations in many of the constitutions of the other Continental states.

In the attempts to explain the origin and discover the archetypes of the Declaration of Rights there have been two main tendencies: the one, to lay the responsibility at the door of Rousseau; the other, to recall precedents in the United States, to which reference is often made, most vaguely indeed, in the debates of the *Constituante*. Sybel believes that our Declaration of Independence suggested the idea to the French.[3] Häusser and Stephens discover a model in a mythical declaration of rights which, they assume, is prefixed to our federal constitu-

[1] Geschichte d. Revolutionzeit (1882), I, 73, 74.
[2] Notably, Taine.
[3] *Op. cit.*, p. 73.

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tion.[1] Only recently has the French Declaration been put in its proper place in the development of public law, and its precise relation to our American institutions been satisfactorily shown.[2] Interesting as it certainly would be to review the conclusions which Professor Jellinek has reached in his scholarly monograph, I must confine myself to a different phase of the subject from those which he has treated. I am anxious to place this famous constitutional program in its historical setting by briefly recalling the circumstances in which it was drawn up. In this way I hope to supplement Professor Jellinek's suggestive paper and at the same time help to remove certain misconceptions fostered especially by Sybel, who, I fear, has enjoyed an influence not only in Germany but in our own country which his voluminous work on the French Revolution hardly justifies. It is assuredly high time that we should cease to study the conduct of France's first legislative body for the sole purpose of finding explanations of the Reign of Terror. Let us endeavor, instead, to understand the task of its members as they and their constituents understood it; let us sympathetically consider their motives and frankly admit their difficulties.

In a previous paper[3] I have attempted to show in a very general way how France reached the conviction that the regeneration of the country depended upon a distinct formulation of the principles of government. While France had, of course, no written constitution before 1789, it possessed nevertheless certain permanent institutions, notably the hereditary monarchy and the somewhat peculiar higher courts of law, the *parlements*. The latter were fond of dwelling in their own interest upon *les lois fondamentales*, and maintained the existence of a "*constitution la plus essentielle et la plus sacrée de la*

[1] These distinguished historians differ as to the nature of our federal bill of rights. Häusser asserts that it is expressed *in knappen laconischen Worten* (Gesch. d. Fr. Rev., p. 169), while, according to Professor H. Morse Stephens, all who admired the American constitution said "that no respectable constitution could possibly be drawn up without an elaborate [!] declaration prefixed to it." (Hist. of the Fr. Rev., American edition, I, vii, 165.)

[2] Die Erklärung der Menschen- und Bürgerrechte, von Dr. Georg Jellinek, in Vol. I, p. 3, of Staats- u. Völkerrechtliche Abhandlungen (Leipzig, 1895).

[3] See "The Tennis Court Oath" in this QUARTERLY for September, 1895.

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monarchie." They familiarized those who read their numerous and often vigorous manifestoes with the essential distinction between statutory and constitutional law — between "the transitory regulations which vary with the times and the fundamental laws upon which the constitution of the monarchy rests."[1]

Doubtless our own early state constitutions served to clarify the ideas of some of their more thoughtful readers. The earliest collection of these, published in 1778, was prepared for French readers. Another edition of two hundred copies, "*exacts et corrects*," appears to have been despatched to France somewhat later, by order of Congress.[2] Turgot, Mably, Condorcet and others published comments upon our institutions. There can, I think, be no doubt that the hazy allusions which we find in the debates of the *Constituante* to the declarations of rights in America have no reference to our federal constitution,[3] nor, ordinarily, to the Declaration of Independence, but to the elaborate bills of rights which precede some of our early state constitutions, notably those of Massachusetts and Virginia.

But it is in the conditions and course of events in France, not in foreign example, that the true explanation is to be found of the demand for a written guaranty of their rights made by all classes of Frenchmen in 1788–89. In the period of excitement accompanying the attempt of the ministry to destroy the

[1] *Remontrance* of the Parlement of Brittany, July, 1771.

[2] Mr. James Shotwell has called my attention to a curious review of this official collection in Freron's *Année Littéraire*, VII, 107 (1783). The aim of Congress "a été, sans doute, de satisfaire la juste curiosité de l'Europe, en lui faisant connaître sous quel caractère et avec quels titres les États-Unis vont paraître sur la scène du monde. Nous ne doutons pas que cela ne soit accueilli avec empressement, surtout par la France qui a si bien aidé l'Amérique à enfanter la République nouvelle. Ce n'est pas que nous adoptons toutes les idées ; nous sommes si libres sous des monarques chéris, que dans le temps même où nous félicitons nos amis de jouer d'une liberté qui est plus de leur goût, nous sommes très éloignés de leur porter la moindre envie." While the Declaration of Independence is pronounced the most important document, the constitution of Massachusetts is reviewed at length.

[3] The first ten amendments of our federal constitution, which form a sort of bill of rights, were not proposed in Congress until a month after the final formulation of the Declaration of the Rights of Man.

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old tribunals in May, 1788, the *Parlement* of Paris ventured to formulate the principles of the constitution in more detail than ever before.[1] Among the fundamental laws were "the right of the nation freely to grant subsidies through the Estates-General" and the right of every citizen never to be arrested except to be sent immediately before competent judges. These propositions suggest two of the "rights" of man and the citizen as later sanctioned by the Assembly. With these propositions a number of others were associated which aimed to establish the constitutional inability of the king and his ministers to abolish the *parlements*, whose prerogative it was "to examine in each province the *volontés* of the king and order the registration of such as were in agreement with the constitutional laws (*lois constitutives*) of the particular province, as well as with the fundamental laws of the state."

This appeal of the *Parlement* of Paris to provincial particularism, although in a certain sense an absurd anachronism, was for the moment successful. The ministry had lost every vestige of public sympathy since Calonne's financial revelations the year before, and the effort to abolish the local *parlements* caused a number of serious revolts in the provinces. That in Dauphiné not only precipitated the assembling of the estates-general but exercised a most important influence upon its spirit and character.

Now, this crisis of 1788 is an integral part of the movement of the French Revolution. Although, upon the surface, the opponents of the ministry were merely defending outworn provincial privileges, which were a year after to be done away with forever, the struggle, at bottom, was against despotism as such. Every one saw not only that there were numberless abuses to be remedied but also that the king's arbitrary powers must be limited at all cost; for had not the ministers just modified the whole organization of the state by abolishing by royal ordinance, in a most underhand manner, the last remnants of public or semi-public control? The defense of provincial rights came first, but the issue was really national. The three orders of

[1] Archives Parlementaires, I, 285.

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Dauphiné declared "qu'en soutenant leurs droits particuliers, ils n'abandonneront pas ceux de la nation." [1]

It was under the influence of this crisis that the *cahiers* were drawn up in the spring of 1789. All classes — nobility, clergy and third estate, city and country — had reached the conviction that

> the fundamental [*constitutives*] laws of the nation ought not to be based upon doubtful and obscure traditions, but established upon a solid foundation, to wit, justice and the good of the people.[2]

The people of Lyons declared

> that since arbitrary power has been the source of all the evils which afflict the state, our first desire is the establishment of a really national constitution which shall define the rights of all, and provide the laws to maintain them.[3]

We note in the *cahiers* a perfectly natural and unconscious confusion or fusion of two quite different demands, that for "une règle invariable dans toutes les parties de l'administration et de l'ordre public," [4] and that for "une charte française qui assurera pour jamais les droits du Roi et de la nation." [5] This expression, "rights of the nation," appears frequently, sometimes with the correlative "rights of the king." But national rights rested after all upon an uncertain historical basis. Should not the recurrence of abuses and the insidious encroachments of tyranny be forever precluded by an appeal to the inalienable rights of each and every member of society? If these and "the principles of the social contract" were clearly and solemnly proclaimed, they would, it was hoped, become "la charte nationale, et la base du gouvernement français." [6] The nobility of Mantes and Meulan went a step farther: "political principles should,"

[1] Resolutions at Vizille, July 21, 1788. *Cf.* Chérest, La Chute de l'Ancien Régime, II, 24.

[2] Sénéchaussée de Mans., Archives Parl., III, 637.

[3] A. P., III, 608.

[4] Third Estate of Beauvais, A. P., II, 299.

[5] Clergy of Caen, A. P., II, 486.

[6] Paris *intra muros*, A. P., V, 281–282.

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they claimed, "be as absolute as those of morality"; they asked consequently for a

> declaration of rights, that is to say, an act by which the representatives of the nation shall proclaim in its name the rights which belong to all men in their quality of reasonable, intelligent beings, capable of moral ideas — rights anterior to any social institution [!][1]

Nowhere is this anxiety for a separate proclamation of man's natural political immunities clearer than in the *cahiers* of the third estate of Nemours, which would have the king draw up a *declaration* so soon as the estates-general should have set forth the natural and social rights of man and the citizen. This declaration was to be registered in all the courts, published several times a year in all the churches and inserted in all the books destined for the earliest childhood. No one should be admitted to any judicial or administrative office without having repeated the declaration from memory. The *cahier*, moreover, furnishes an elaborate draft of such a bill of rights,[2] as do a number of others, including the *cahier* of Paris *intra muros*.

The confidence in a declaration of rights is not difficult to explain. The French nation at large had no idea of the tremendous difficulty of completely reorganizing the government upon a new plan. Few, if any, foresaw that the constitution would be, when completed, a very lengthy legal document. The people, while they longed for a very fundamental change, did not care much about the intricacies of the governmental system. They wanted, above all, to secure their *civil* liberty; they cared little to participate in the government, but were only anxious to control it so far as to prevent the revival of old abuses. Two or three things were clear to them: The king and his ministers were wasting the public funds and had got the state into serious financial straits; the ministers had, too, but recently tried to abolish arbitrarily an ancient and, on the whole, popular institution, the *parlements*, so as to consolidate their despotism and shake off the last constitutional guaranty; certain governmental practices were open and scandalous vio-

[1] A. P., III, 661. [2] A. P., IV, 162.

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lations of the most obvious rights of humanity; and, finally, the general anarchy of the *ancien régime* hampered commerce and industry and brought home the evils of the situation to thousands who had never read a word of Rousseau or seen a single line of the constitution of Massachusetts. The nobles of La Rochelle explained clearly enough the reasons why a distinct statement of the fundamental laws and civil guaranties was demanded by practically the whole nation.

> We behold taxes of all kinds arbitrarily depriving the subject of his possessions; privileged monopolies paralyzing activity; *lettres de cachet* fettering liberty, saving the guilty and putting the innocent in chains; commissions suspending the laws and turning the courts of justice upside down; each minister reversing the arrangements of his predecessors.[1]

In view of these declarations M. Champion is correct in his assertion:

> The classical spirit, the taste for abstractions, *a priori* systems, may have had some influence in the drawing up of certain *cahiers;* but the idea of making a constitution did not come from philosophy nor from a noble frenzy; it was called forth by the public misfortunes. Had there never been a *Social Contract* the idea would have been propagated by the force of circumstances. Why impute to mean or evil sentiments a demand which is so well explained by the state of the kingdom, which had become a veritable chaos?[2]

This brief review of the crisis of 1788 and of the public spirit shown in the *cahiers* renders the attitude of the National Assembly perfectly intelligible. The Third Estate, on June 17, 1789, proclaimed its mission to be the determination of the principles of national regeneration. On July 9 its committee on the constitution made its first report, and an excellent report it was. The distinction between a constitution — an established system of government — and a declaration of rights was carefully laid down. In order to prepare a good constitution, the report said, "it is necessary to recognize the rights which natural justice grants to every individual, to recall all

[1] A. P., III, 472.

[2] La France d'après les cahiers de 1789, pp. 39, 40.

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those principles which must form the basis of every kind of society."[1] The committee recommended that, in order to recall the object of the constitution, it should be preceded by a declaration of the rights of man, but that this should not be issued separately, for fear that its provisions might prove too abstract if unaccompanied by the concrete provisions of the constitution.[2]

Thus a declaration of the rights of man was to be drawn up in answer to a very general demand. Very few, if any, of the deputies deprecated the declaration, and on August 4 it was decided, by a practically unanimous vote, that it should precede the constitution. There is no need to follow here the somewhat depressing discussion in regard to its contents. It reached its final form August 26, and had occupied the main attention of the Assembly, at different intervals, for perhaps a fortnight altogether. Was this time wasted or worse than wasted? Did the deputies lose themselves in vague and misleading abstractions and so sacrifice the best interests of the nation to mere theories and prepare the way for far worse calamities than those which they pretended to remedy? Or, on the other hand, were the principles of their declaration upon the whole sound, general rather than abstractly theoretical, dictated by years of national experience and well fitted to form the program of their great undertaking?

Before attempting to answer these questions, let us recall once more that "when a Frenchman turned his attention to political questions in the eighteenth century, most of the institutions in the midst of which he lived appeared to him," as M. Seignobos has said, "to be *abuses* contrary to reason and humanity." Now, if we are not prejudiced against the Declaration of the Rights of Man by the suggestions made during the debates by Siéyès and others,—which certainly reached a degree of fatuity rarely exceeded in the most futile of parliamentary discussions,—and if we neglect one or two oratorical flourishes in the final text, do we not find it to be, after all, simply a dignified and succinct repudiation of *les abus*? Is it not a concrete and positive, although general, statement of the prac-

[1] Hist. Parl., I, 472. [2] *Ibid.*, II, 63.

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tical reforms which the Assembly was in duty bound to realize? Was there not back of each article some crying evil of long standing, in view of which the nation might expect a comprehensive constitutional guaranty?

The Declaration is evidently the result of a compromise and reflects the confusion which reigns in the *cahiers*. Some wanted to enumerate the rights of man before he became a social being, others held that rights could only result from a contract, still others wished to formulate only such general principles as might be associated with the practical reform of existing institutions. It seems that this last party of discretion and sense was practically successful in the long run. They were not so conspicuous in the debates as the doctrinaire group, but the obvious superiority of the final draft to all previously submitted is a tribute to the good sense of the Assembly, which knew how to repress the vagaries of the more fantastical deputies.

Some of the most important articles only ratified concessions already made by the king or reforms introduced by the Assembly in the great decree abolishing the feudal system. The king had promised on June 23 that the representatives of the nation should grant the taxes, that a yearly budget should be published, that privileges should exist no longer in the payment of taxes, and had asked the estates to confer with him upon the abolition of the *lettres de cachet* and the maintenance of the liberty of the press.[1] Then, by the decree of August 11, the Assembly had abolished the sale of judicial and municipal offices and declared all citizens eligible to office without distinction of birth. These concessions of the king and this legislation of the Assembly made sufficiently real several important articles in the later declaration.

It will be noted, too, that in the text of the constitution of 1791 the general statement of the Rights of Man is followed, without a break, by the explicit abolition of a number of the most serious historical vices of the *ancien régime;* and following this is a list of the natural and civil rights guaranteed by the constitution.

[1] Hist. Parl., II, 13.

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To the greatest statesman of the Assembly, Mirabeau, the Declaration was in theory the "exposition of certain general principles, valid for every political society and every form of government." Nevertheless, in preparing a statement of these principles for the existing body politic—*vieux et presque caduc*—it was absolutely necessary to subordinate and adapt them to "many local circumstances." The object was, Mirabeau declared,

> to recall to the people, not what they had got from books or abstract meditations, but what they themselves had experienced, so that the declaration of rights, from which a political body should not deviate, should be such a statement as it would itself naturally make, were it accustomed to express its ideas — not an effort to teach a science.
>
> This is, gentlemen, a most essential distinction. Since liberty has never been the fruit of theory resulting from philosophical deductions, but springs from everyday experience and the simple reasoning which events excite, it follows that we shall be the better understood the nearer we approach to this reasoning. . . . This is the way in which the Americans drew up their declaration of rights. They purposely left theory to one side and stated the political truths, which were to be defined, in such a form that they might appeal to the people, to whom alone liberty is important, and who alone can maintain it.[1]

Is this, in view of the facts which we have reviewed, a fair appreciation of the declaration, or shall we still regard it as a fatal vagary, due to the suggestion of the vain, incompetent and unstatesmanlike Marquis de Lafayette?[2]

JAMES HARVEY ROBINSON.

[1] A. P., VIII, 438 *sqq.*; Hist. Parl., II, 269, 270.
[2] Stephens, *op. cit.*, vii; Sybel, *op. cit.*, 73 *et seq.*

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THE AUSTRALIAN FEDERAL CONSTITUTION.

I.

THE news that New South Wales had voted to adopt the proposed federal constitution of Australia was received with gladness by all who were interested in the extension of federal government throughout the world, and particularly in its establishment in Australia. This action of New South Wales insures that the British Parliament will soon authorize the organization of federal government in the Commonwealth of Australia. Other Australian colonies had already given their assent to the project, but New South Wales refused, and without her federation was impossible. Her acceptance was at last gained by the concession of certain amendments demanded by her, and Australia's entrance into the circle of federal states is thus practically assured.

The colonies of Australasia — seven in number, if New Zealand be included — are entirely independent of each other and are practically self-governing provinces. Hitherto settlement and activity have been largely confined to the coast, and the connection of the individual colonies with one another has been in some cases hardly as close as with the outside world. Gradually, however, the separate populations have been drawing together. The colonies are still young in years — children in experience — but with vast possibilities of development. Their present population is estimated as somewhat more than four millions — not far from the population of the United States at the time of the adoption of the Constitution, and somewhat larger than that of the Canadian provinces at the passage of their Federal Act in 1867. At the present rate of increase, it is estimated by the government statistician of Victoria that fifty years hence there will be a population of twenty millions. Wealth also is increasing. Through the

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growth of great sheep and cattle ranches, with the consequent extensive exportation of wool, frozen meat and hides, the establishment of woolen and other manufactures, and the development of valuable gold fields, there is every prospect of continued increase. Nothing further is necessary to bring before the mind a realization of the probable future importance of a United Australian Commonwealth.

The movement toward federation is largely of recent date, though three stages in its progress may be noted. The first occupied the two decades after 1850; the second comprised the period of activity of the Federal Council, following 1885; while the third began in 1891 and culminated in the constitution now under discussion.

The first indication of a plan for united action among the colonies is to be found in a proposal of Earl Grey in 1850. The main object of the proposal was to bring about uniformity in colonial tariffs; but, though partially adopted, it came to nothing. From 1850 to 1860 the project of federation was discussed from time to time in several of the colonial legislatures, and committees on the subject were appointed. But there seems to have been little general interest in the question, and up to 1860 all efforts in the direction of federation met with complete failure. Shortly after, however, a new form of united action, less ambitious but more likely of success, was suggested and adopted. From 1863 to 1883 conferences of colonial ministers were held at various times to discuss certain specified topics, with a view to introducing identical proposals in the separate colonial legislatures. Six of these conferences were held at Melbourne and three at Sydney; and one also was held at Hobart in 1895, though the period of the real activity of the conference scheme practically closed in 1883. The scheme proved a failure, because it was found impossible to carry out the measures concerted in the conferences.

But material events were doing more than could any public agitation to draw attention to the advantages of closer union. The colonies were growing in population and wealth, railroads were building and commerce was extending. The inconven-

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iences of border customs duties suggested attempts at something like commercial reciprocity between two or more colonies. New political problems also helped to arouse public interest. Heretofore there had been little fear of foreign aggression and, hence, no feeling of the need of united action for common defense; nor had there been any thought of the extension of Australian power and interests beyond the immediate boundaries of the different colonies. But the period from 1880 to 1890 witnessed a change in this respect. It was during this period that much feeling was aroused against the influx of French criminals, escaped from the penal settlements in New Caledonia. The difficulties in regard to New Guinea belong also to this decade. Suspicion of the designs of Germany upon that part of the island of New Guinea nearest the Dutch boundary led to the annexation of its eastern portion by the Queensland government. This action was disavowed by the British government under Gladstone, and the fears of the colonists were ridiculed; but almost immediately after the northern half of New Guinea was forcibly taken possession of by Germany. The indignation of Australians was extreme, and the opinion was freely expressed that the colonies would have to unite to protect their own interests. Finally, this was the time of the French designs on the New Hebrides Islands and of German movements with reference to Samoa.

These conditions, economic and political, affected all the colonies more or less intimately and resulted in the first real, though loose, form of federal union. At the instigation of the Honorable James Service, premier of Victoria, a convention met at Sydney, November, 1883, composed of delegates from all the colonial governments. This convention adopted a bill providing for the establishment of a Federal Council, with power to deal with certain specified subjects and with such other matters as might be referred to it by two or more colonies. Among the more important subjects specifically referred to the Council were the relations of Australia with the Pacific islands, the influx of criminals, extradition and the service of civil process of a court out of the jurisdiction of its own

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colony. New South Wales and New Zealand refused to agree to the bill, but it was adopted by the other colonies; and the Imperial Parliament, in 1885, passed an act permitting such a Council to be called into existence at the request of any three colonies, to be joined by other colonies as they saw fit. Meetings of the Council took place in 1886, 1888, 1889 and 1891, but very little was accomplished.

That the Federal Council was a very weak affair is obvious. Politically its importance was lessened by the fact that New South Wales, the most powerful of the colonies, refused to support it. This was largely due to the antagonism of Sir Henry Parkes, who, with others, wished either a union in which New South Wales should predominate or none at all. The smallness of the Council — only six to eight members, chosen directly from the colonial governments — made it inevitable that it could not command the attention of the general body of citizens. Its meetings were very formal and very insignificant. More than this, participation in the Council was entirely optional. Not only might a colony remain outside from the start, but a delegate might withdraw at any moment, on the passage of any act objectionable to his government. As Professor Bryce said in Parliament, in discussing the bill: "A Federation which offers to any member of it the right to withdraw as soon as its wishes are not gratified, is clearly a Federation of the feeblest and most transitory kind." A further source of weakness was the absence of executive or judiciary and the fact that the Council had no control over revenue. Its charter was plainly, to quote Bryce once more, "a very scanty, fragmentary, and imperfect sketch of a Federal Constitution." Yet the Federal Council had a certain importance, in that it drew attention to the possibility and need of a strong federation. Beyond this it accomplished little.

Meanwhile, interest in a more adequate form of federation was growing. In 1890 Sir Henry Parkes proposed a plan for federal union of a real and vigorous sort. At his suggestion, a conference met at Melbourne, February 6, 1890, to decide on the best method of getting the question into definite shape for

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consideration. The conference adopted resolutions recognizing the services of the Federal Council, but urging that the development in the past decade of the

national life of Australasia in population, in wealth, in the discovery of resources, and in self-governing capacity . . . justifies the higher act, at all times contemplated, of the union of these colonies under one legislative and executive government.[1]

Provision was made, also, for the calling of a convention to draw up a constitution.[2] The resolutions met with considerable opposition as well as favor. It was held in some quarters that the powers of the Federal Council might be so enlarged as to meet the needs of the time; while others based their opposition, at least partly, on suspicion of the motives of Sir Henry Parkes in pushing forward the movement, since the refusal of New South Wales to share in the work of the Federal Council was largely due to his hostility to federal union some years earlier. Nevertheless, in accordance with the decision of the conference, delegates from the several colonies convened at Sydney, March 2, 1891; and with the work of this convention began the third and final stage in the federation movement.

The Sydney convention formulated a bill, embodying a draft of a federal constitution, and then resolved that provision should be made by the several parliaments to submit it to the people in such manner as each colony should see fit. After its adoption by three of the colonies, the Imperial Parliament was to be asked to sanction its establishment as the constitution of the united colonies. In accordance with this plan, the parliaments began the consideration of the draft. But there was no sufficient external pressure to bring about an immediate discus-

[1] National Australasian Convention, 1891, Proceedings, p. 1.

[2] It is of interest to note that, in his speech in defense of the resolutions, Parkes made continual reference to Canada and the United States as the examples best fitted to be followed, and quoted from a private letter from the historian Lecky the opinion that had such a union existed "in the American colonies in the last century, it is probable that their quarrel with England would have been avoided."

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sion and an early settlement.[1] Provincial politics interfered with its progress; for any time, however distant, it was thought, would answer for the consideration of such a question. Premiers hesitated to risk position by espousing what was still a doubtful cause. The result was that nothing was done. The financial crisis of 1893 gave politicians as well as business men other things to think about, and in time the bill dropped out of politics altogether.

Meanwhile, federation leagues had been organized in different colonies, and in 1893 delegates from a number of these leagues met at Bendigo, Victoria. It was felt that a mistake had been made by the convention of 1891 in referring its bill to the several parliaments for discussion, without providing any uniform method of getting it directly before the people. The parliaments had simply shelved the bill, giving the people no chance to consider it. Consequently, after adopting the bill of 1891 as a basis of discussion, the Bendigo conference resolved to urge the colonial parliaments to pass uniform enabling acts for a new convention — its members to be elected by popular vote — to frame a constitution which should be submitted to the people for approval.

This proposal met with general favor and resulted in the calling of a meeting of the premiers of all the colonies at Hobart in January, 1895. There an enabling bill was drafted which five premiers agreed to lay before their respective parliaments. It provided for a convention chosen directly by the electors of the colonies, which was to draft a constitution and then adjourn for a brief period, to give opportunity for discussion and proposals for amendment by the colonial parliaments. On reassembling, the convention was to reconsider the constitution in the light of these amendments. Finally, the constitution was to be submitted to a vote of the electors of the colonies; and, if approved by three colonies, the Imperial Parliament was to be asked to pass an act for putting it into effect.

It took two years to get this machinery into working order. At length, however, the requisite authority was granted by five

[1] *Cf.* Parkes's Fifty Years of Australian History, *passim*.

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colonies: New South Wales, Victoria, South Australia, Western Australia and Tasmania, Queensland and New Zealand declining to participate. On March 22, 1897, the second constitutional convention assembled at Adelaide. This convention drew up a new federal constitution, based upon the draft of 1891. Between May 5 and September 2 the constitution was discussed in each of the parliaments. When the convention reassembled at Sydney on March 2, as many as seventy-five amendments were reported as suggested by the different colonies. Many were of an insignificant character and many were practically identical. The constitution and proposed amendments were discussed in two sessions of the convention, which finally adjourned March 16, 1898, its work then being ready to submit to the people. In June a popular vote resulted in the acceptance of the constitution by Victoria, Tasmania and South Australia; but the failure of the parent colony, New South Wales, to adopt it blocked all hope of federal union for the moment. Recently, however, at a conference of colonial premiers certain amendments demanded by New South Wales were agreed to in part, and upon a second vote the constitution, as amended, was accepted by that colony. This practically insures the establishment of Australian federation.

II.

Three possible plans of federation may be said to have had consideration between 1891 and 1899. First, that of a loose confederacy, having some such power as had the United States under the Articles of Confederation. Such a union might easily have been developed out of the already existing Federal Council, by the imposition of certain new duties and the addition of some form of executive control. But it is enough to say that this plan met with little favor in 1891, and in the later years ceased to have any important supporters.

A second plan may be spoken of as the Canadian plan. In it a strong central government completely overshadows the powers of the constituent states. To the central government

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are reserved all powers not specially delegated to the states. It might seem as though the Australians would naturally have adopted this form of federation, following the example of Canada. And, indeed, it was seriously considered by Sir Henry Parkes in his first proposals, before the calling of the convention of 1891, and by many speakers at that convention. But it soon became clear that the colonies were much too jealous of their state powers and privileges to think of abandoning them so completely as federation of this type would demand. This plan, therefore, gradually ceased to be referred to, except by way of pointing its dangers.

The third type of union which seemed open to the colonies lies intermediate between the other two and is essentially the American idea. The state is to be its own master in matters involving state interests alone, and all powers not expressly delegated to the federal government, or implied in such expressly delegated powers, belong to the states. It is this type of federation which the Australian colonies have adopted. So far as it differs in this respect from the federal plan of the United States it tends toward the Canadian model: that is, the powers delegated to the central government are much fuller than is the case with us, though the type of federation is the same. By this it is not meant that the method of government is the same; but merely that, so far as both countries are or propose to become federations, a similar federation plan is favored. The forms of government to carry out this federation idea differ radically. And, after all, the power of the form and method of government to modify and direct the development of any federation type is so great that in the last resort these are all-important.

Even in regard to the general federation type our constitution was not deliberately taken as the model. Our form of government was, however, studied carefully; and it is of interest to see how the understanding of its working advanced as the interest in the federal movement increased. The gain in accuracy of knowledge of the United States government, from the convention of 1891 to that of Adelaide in 1897, is striking. On

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nearly every constitutional subject the example of the United States was quoted. On the question of a federal supreme court, on the relative position of the two legislative houses, on the method of electing senators, in regard to money bills and on the subject of state equality there was a strong disposition to be guided by the constitution and history of the United States. But on many other points the disapproval of our system was marked; and the federal type itself was adopted, not so much because of our example, as because the conditions of Australian political life demanded it. To quote from Mr. Alfred Deakin, himself a prominent advocate of federation, in reference to the constitution of 1891: "The bill produced may be fairly claimed to be the necessary outcome of the political experience of the colonies up to date. . . ."[1]

A brief outline of the constitution which has been approved will be of use at this point. Parliament consists of two houses, one representing states and the other population; and both senators and representatives are to be chosen by direct vote of the people of each state. Money bills must originate with the lower house and may not be amended by the senate; but bills appropriating money for ordinary governmental expenses must deal with that subject only. The executive is the Governor-General, with a Federal Council and a ministry of, for the present, seven members. A Supreme or High Court of Australia is established which shall interpret the constitution, try cases of federal interest and act as a court of last resort.

The states are to retain all powers not delegated to the commonwealth. The powers of Parliament are, however, very large. Among the subjects upon which it is empowered to legislate are the regulation of foreign trade and commerce; the raising of revenue, the surplus from which is to be divided among the states; naval and military matters, and treaties; postal, telegraphic and telephonic service; coinage, banking and the issue of paper money; insurance extending beyond state limits; bankruptcy, copyrights, patents, naturalization and immigration; the control of foreign corporations formed

[1] *Scribner's Magazine*, June, 1891.

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within the commonwealth; marriage and divorce; old age pensions; and quarantine regulations. Parliament may also, with the consent of a state, take over the railways of the state or authorize the construction of new railways within its borders. It may legislate in regard to arbitration to settle industrial disputes extending beyond the limits of a single state; may assume the whole or a ratable proportion of the debts of the states; and, finally, may enact laws for a state on any matter referred to it by the parliament of that state.

A glance at the causes which have led to the desire for federation reveals, at the same time, some of the difficulties in its way. The subject of defense is, of the more pressing reasons, the one on which there is the greatest unanimity. The impossibility of defending eight thousand miles of coast by means of forces under half a dozen different commands was plain to all, and the only objection to federal control over this matter arose from the dread of a large standing army and the burdens incident to it.

On the subject of state debts opinion was more seriously divided. The public and private debts of the Australian states are enormous. Entirely aside from municipal and county debts, the total state debt is not far from £200,000,000. The states have assets in the form of land, railways, public works, *etc.*, which, in the future, should abundantly cover the debts; but for the present, at least, the burden is heavy. Hence, one of the advantages hoped from federation is the reduction in interest which could be effected by consolidation of the various state debts. A reduction of from one to one and one-half millions annual interest may, it is thought, be gained by consolidation. On the other hand, if the state debts are assumed by the federal government, the state assets may have to be turned over, and there is a strong opposition to federal control of state railways and other properties.

At the same time, a powerful argument for central control is the need of single direction of railways as part of the defenses of the country. This is the more important in Australia, since the great distances between the colonies and between their

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chief cities make it easy for an enemy to follow the principle of "divide and conquer." It is suggested that one of the first duties of the new government must be to build a railway connecting Western Australia with Queensland — that is, an east and west transcontinental line. By the proposed constitution the central government may assume control of all or part of the railways in each state, if the state consents, though such consent is not likely to be given at present; and it has entire authority, regardless of state consent, with respect to transport for the naval and military purposes of the federation.

The tariff is naturally another cause of serious agitation. Protection is the policy of all the colonies except New South Wales, and this implies discriminating duties against each other, as well as against the outside world. Each colony raises a considerable portion of its revenue by duties on goods coming in from the neighboring colonies. The advantage of a uniform tariff it is hardly necessary to discuss. In general, there can be but one opinion in regard to the vexatious character of internal border duties, and this has been looked upon for many years by a large number in the colonies as the strongest reason for federation.

At times there has, indeed, been a strong feeling against giving up the particular colonial tariffs. Western Australia has, perhaps naturally, been most eager to retain her tariff. She is the youngest of the colonies; her prosperity is very recent; her population is scant; the distance between her and the other colonies is great; she produces little for herself as yet; and perhaps one-half of her revenue comes from duties on goods brought in from the other colonies. Should this revenue be given up, some form of direct taxation will have to be resorted to; and in view of the greatness of her public debt, this is not looked upon with any favor. Special consideration, therefore, has been shown this colony in the new constitution, in that for five years after the imposition of uniform duties she may retain her tariff as against the other colonies, reducing the rate, however, by one-fifth each year.

By each of the other colonies, except New South Wales, the

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whole revenue derived from a tariff operating against the other colonies must be abandoned at the start. On this point, however, there is substantial agreement, since it has become plain that protection against the outside world is to be the policy of the federal government when it shall be inaugurated. But this does not entirely remove the fears of the different colonies. The construction of a tariff bill is so delicate a matter, offering such unlimited opportunities for the exercise of the arts of Satan and for the genius of "Napoleons of finance," that each colony fears lest its special interest may be sacrificed for the benefit of a neighbor. Here is seen one cause of the bitterly hostile feeling between the large and the small states.

A further difficulty of a serious nature has arisen in regard to a plan for the distribution of the surplus revenue from the federal tariff and excise. It is expected that the federal revenue will be much too large for the ordinary expenses of government, providing the state debts are not assumed, though perhaps not large enough in case of such assumption. The latter alternative is improbable at present, though permitted by the new constitution, since it would probably involve the raising of additional revenue for state expenses by direct taxation, to which the states, in their present financial condition, are strongly opposed. But the return to the states of a surplus raised by import and excise duties would remove the need for such an expedient. It was thought necessary, therefore, to devise a system of accounting which would give to each state a fair portion of the surplus. Hence, it has been provided that, after the establishment of uniform duties, for which a period of two years is allowed, accounts shall be kept for five years, showing the actual destination of dutiable goods, and a monthly balance shall be struck, showing the amount of revenue raised on goods in each state, less the share of each state in the general expenses of the federal government. This balance must be paid to the states. It is also provided that, under any circumstances, three-fourths of the revenue thus raised must be divided among the states, the remaining one-fourth alone being applicable to the expenses of the central

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government. The states will thus be assured of at least three-fourths of the revenue from customs and excise In case the state debts are assumed by the federal government, the three-fourths of the total revenue thus reserved shall be used to meet the interest on such debts. This rather clumsy arrangement, involving a very complicated system of federal bookkeeping, and sure to be followed by discontent on the part of the states, is one of the least satisfactory sections of the constitution. It has met with incessant and severe criticism. The clause in regard to the division of three-fourths of the revenue among the states — often called the "Braddon blot" — is especially objected to, and at the demand of New South Wales the operation of this clause has been limited to ten years.

As to the regulation of internal trade and commerce, the demand for uniformity of law was conspicuous throughout the movement for federation. By the new constitution this whole subject is confided to an interstate commission, whose precise powers are, however, to be determined by the federal Parliament.

The control over waterways is another subject assigned to the federal government. The condition of the country is such as to make this almost a vital question.

> Australia is a dry country [as one has put it]; the vast areas of level plains, through which the rivers run as outlets for the floods that fall just inside the mountain ranges, are almost rainless, so that the use of the rivers as means of irrigation is regarded as infinitely more important than their use as highways of commerce.

Hence the unwillingness of New South Wales, which now controls most of the rivers, to surrender such control to the federal government. But both South Australia and Victoria are interested in the use of the rivers for navigation, because of their trade with the interior of New South Wales. The discussion on this question at the Melbourne convention was extremely bitter, so that reports from different sources spoke of the possibility of complete failure because of it. But at length an agreement was reached, by providing that the "trade and commerce clauses" of the constitution shall not abridge the

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right of a state or its citizens to a reasonable use of the water of rivers for conservation or irrigation.

Such are some of the more important economic reasons for federation, as well as the sources of difficulty in effecting it. On the constitutional side, the most serious difficulty in the way of success was the problem of states' rights. As in every case of attempted federation, the smaller states feared the larger and wished to put restraints upon their power, while the larger states were unwilling to receive the smaller into equal standing, regardless of population. Time and again in each convention a successful issue was imperiled by these feelings. First Victoria and later New South Wales threatened to wreck the Adelaide convention by withdrawal, Victoria gaining for a time the satirical title of the "Portmanteau Colony," because of the declaration by her delegates that they would pack their portmanteaus and depart in case their wishes were not granted.

Closely connected with the question of the relative weight of the different states was that as to the control of money bills in Parliament. Should they be subject only to the authority of the House of Representatives, standing for population, or might the Senate have the power of amendment? This involved the whole problem of the ultimate control of the most important field of legislation, including the question of the equal authority of states, irrespective of population. If the power of amending such bills should be denied to the Senate, the domination of the popular house, and hence of the larger states, would be inevitable. It is natural, therefore, that the smaller states should have fought strongly, even bitterly, to maintain the Senate's right of amendment; but the decision went against them, as will be indicated presently.

Two conditions give to the Australian constitution an essentially different character from that of the United States. The first of these has to do with the governmental system with which Australians are familiar. After the example of the mother country, the colonies have adopted the cabinet system. This involves a responsible ministry and the supremacy of the House of Representatives. But such a system is quite incom-

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patible with the presidential system of the United States. The latter rests upon the complete separation of the legislative and executive departments; the former, upon their union. Substantial equality between the two legislative houses is possible under our system, but the cabinet system makes this quite impossible. The house to which the ministry is responsible must, in the nature of things, be the ruling body; and the limitation of the Senate's control of money bills, which is necessary if the ministry is not responsible to it, weakens still further the authority of that house. In the federation plan, however, the upper house, or Senate, is intended, in theory, to oppose the authority of states to the authority of population, represented in the lower house. But, with the superiority which the cabinet system gives to the lower house, the real weight in legislation will, in the case of Australia, rest with the two most populous colonies, New South Wales and Victoria. In short, in a federation including large and small states equality of the states in legislative influence is incompatible with the principle of ministerial responsibility to a house based on population. Whatever the theory may be, therefore, in fact the smaller Australian states must yield to the superior power of numbers in the larger states. In practice, either the cabinet system or the presidential must be selected, since a workable combination of the two, in a federation, seems difficult if not impossible. Naturally the Australians prefer their own system; and, however great the influence of the United States may have been in some particulars, the adoption of the cabinet system for the federal government makes it impossible that our presidential system should have been largely followed as a model.

Right here we come upon the point of greatest dispute in the Australian plans. At every convention the same difficulty manifested itself, the same contest arose and the same threats of withdrawal were uttered. The question at issue was that of the constitutional relation of the two houses in reference to the control of finances. From the first it was agreed that two houses are necessary, one to stand for the equal representation

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of the states, the other to represent population. Without the first the small states refused to federate, and it was conceded by the larger states that so much must be granted; though, even after the long contest at Adelaide had issued in an agreement that an equal number of senators should be chosen from each state, the Parliament of New South Wales voted to amend the provision by substituting proportional representation according to population, the basis thus becoming the same as in the House of Representatives. This amendment was, however, rejected by the reassembled convention.

But if the ministry was to be responsible to the House of Representatives, the Senate, in its comparatively secondary position, could not be permitted to have an equal control over important money bills. The smaller states were eager to give the Senate the power to amend and reject, though not to originate, such bills. Here was a crucial point. In order to gain their position some delegates of the smaller states were willing at times to go so far as to abandon the cabinet system and in its place to adopt either the American executive or its modified offshoot, the Swiss cabinet, the members of which are selected by the two legislative houses for a definite term of years. This proposition never had the slightest chance of success, but it indicates the intensity of the antagonism on the subject.

The agreement which was finally reached is in appearance a compromise, though in fact a victory for the larger states. The Senate may reject, but not amend, taxation bills and bills appropriating money for the "ordinary annual expenses of government." And it is expressly provided that "laws imposing taxation shall deal with the imposition of taxation only"; and that "the law which appropriates revenue or moneys for the ordinary annual services of the government shall deal only with such appropriations." This forestalls the familiar device of "riders." It is provided, further, that bills which the Senate may not amend may be returned by it to the House of Representatives with the suggestion of changes which it approves, the House being at liberty to consider or disregard the suggested changes as it sees fit.

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The power over bills of greatest importance rests largely, therefore, with the House of Representatives, which will be controlled by the larger states. Yet the Senate may reject such bills and thus thwart the will of the ministry and its majority in the House, to which it is responsible. There being no way of coercing the upper house, as in the British Parliament by the appointment of new peers, a deadlock may arise. It will be seen that this condition of affairs, likely to arise under the cabinet system, is an acknowledgment, at bottom, that the house representing population must rule, and that any real equality between the two houses is impossible. Hence various plans have been suggested to end a deadlock. A referendum to the direct vote of the people was considered but rejected; for this also would be simply decision by population. The plan finally devised, as amended to meet the wishes of New South Wales, provides that, in case the Senate rejects a bill passed by the House of Representatives, a dissolution of both houses may be ordered; if the newly elected House of Representatives repass the bill and it is rejected by the new Senate, the Governor-General may call a joint session of the two houses, in which a majority vote in favor of the bill shall be decisive. Finally, therefore, population will control.

The second condition which clearly separates the Australian federal plan from our own, and which strikes the observer most forcibly, is the vastness of the powers given to the central government. While it is true, as has been indicated, that powers not delegated to the central government are retained by the states, this is seen to be of far less consequence than with us, when one realizes what are the powers thus delegated. Among the important subjects which fall within the legislative authority of the federation, and which are reserved in the United States to the states or to private control, may be mentioned divorce and marriage, old-age pensions, insurance except where confined to one state, bills of exchange and promissory notes, control of trading and financial corporations, control of telegraphs and telephones, control and construction of railways (with the consent of the state involved), and arbitration in

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respect to industrial disputes extending beyond the limits of any state. It is plain, moreover, from this list that the advance of the Australian colonies in the direction of "state socialism" has been incorporated into the new federal plan of government. The powers of the federal government, while resting on a thoroughly democratic basis, are to be large and radical.

These are, then, some of the principal features of the constitutional system which the Australian colonies propose to set up. The possibilities of a consolidated Australian power, in reference to the control of the Pacific and its trade, are unlimited and should cause the Australian commonwealth to be watched with great interest in America. It is a notable instance of the formation of a federation without the pressure of immediate external danger to force it upon the people, and its legislation on economic and social issues will suggest valuable and suggestive comparisons with our own.

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PARTY GOVERNMENT IN THE CITIES OF NEW YORK STATE.

THE principle of minority representation is usually discussed as being applicable to the choice of legislative bodies by popular election. The non-partisan or bipartisan principle, on the other hand, is usually considered in connection with the appointment of administrative boards and subordinate departmental officers by the executive authority of city or state. But a little study into the development of bipartisan legislation for cities in the commonwealth of New York will show that, in this state at least, bipartisanship as a legal system of making municipal appointments has grown out of experiments in minority representation. This movement has been roughly contemporaneous with the decrease in the number of officers chosen by common councils or elected by the people, and the increase in the appointing power of mayors.

So far as the present writer has been able to ascertain, the first recognition of the minority in the laws of the state had reference, as might have been expected, to election officers in New York City. In 1840 an act was passed by the legislature "to prevent illegal voting and to promote the convenience of legal voters."[1] Under this act every voter was permitted to vote for two of the three election officers to be chosen in his ward and precinct, the three candidates receiving the highest number of votes being declared elected. This method of choosing election officers was extended, a year later, to all the cities of the state.[2] A general law of 1842, entitled "an act respecting elections for other than militia and town officers,"[3] is famous in the history of the election laws of New-York. In this act, the principle of minority representation was embodied

[1] Laws of N. Y., 1840, c. 78.

[2] Laws of N. Y., 1841, c. 301. This law specifically provided, in regard to election officers, that "one inspector in each board shall belong to a different political party from the other two."

[3] Laws of N. Y., 1842, c. 130.

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by the requirement that the presiding officers of the election should appoint as third member of the board of election inspectors the minority candidate who had received the highest vote. Thus early we see the appointive principle superseding the principle of elective minority representation. This change was probably due to the feeling that minority representation pure and simple was of doubtful constitutionality; for by this system the right of suffrage would be in a sense abridged, from the fact that a citizen would not be permitted to vote for *all* elective officers. At any rate, we shall see that in succeeding years the lawmakers of New York resorted to rather intricate expedients in order to attain the ends of minority representation and popular election, and at the same time avoid the technical objection to limited voting and formal choice of officers by the minority.

The year 1857 marks an era in legislation touching New York City, for it was at that time that the state legislature entered upon its now familiar practice of interfering arbitrarily with the organization of the city government. A new charter was passed without being submitted to the people, and the police force of the whole metropolitan district was taken forcibly out of the hands of the local authorities and put under the control of a board appointed at Albany. During that same year the state legislature established a board of twelve supervisors for New York County.[1] Six were to be elected by the people, and the mayor was required to appoint the six who received the next highest number of votes at the election. Three years later, in 1860, the appointment of election officers in New York City was intrusted to this bipartisan board of supervisors.[2] Appointments were to be made, however, by concurrent vote of a majority of all the members of the board, or, after three ineffectual ballots, by lot from the lists of candidates. A number of years later it was enacted that election officers in Brooklyn should be chosen by an absolute two-thirds majority of the city supervisors.[3] In these two cases we find an effort to secure minority representation, not by making a minority vote suffi-

[1] Laws of N. Y., 1857, c. 590. [2] *Ibid.*, 1860, c. 246. [3] *Ibid.*, 1865, c. 740.

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cient to appoint a portion of the election officers, but by requiring so large a vote for the appointment of any election officers at all that the majority party would be practically compelled to divide the offices with the minority, in order to get its own candidates elected. If there were no political parties, or if political leaders were so inveterately hostile that all agreements between opposing parties would be avoided as a league with the devil, this method might be supposed to lend itself to *non*-partisanship and the selection of officers on the grounds of honesty and efficiency alone. But in New York, as in every other place where two opposing parties are organized primarily for spoils, it is not impossible for the "bosses" to make peace and sit down to the banquet of patronage together.

About 1870 the two principal political parties began to get definite recognition in the laws of New York State. The Tweed Charter of New York City, enacted in that year,[1] established a police board of four members, which, though not required to be bipartisan by the terms of the law, was probably intended to include in its membership representatives of more than the one dominant party. To this board, in 1872, was transferred the appointment of election officers.[2] There were to be four inspectors for each election district,

> two of whom, on state issues, shall be of different political faith and opinion from their associates, and those appointed to represent the political minority on state issues in said city and county to be named solely by such commissioner, or such of the commissioners of police in said board as are the representatives of such political minority.

Here we have the bipartisan system clearly established.

[1] Laws of N. Y., 1870, c. 137.

[2] Laws of N. Y., 1872, c. 675. During this same year we find a remarkable example of what may be called laws "made to order" — that is, laws made to fit a particular case, without any reference to universal principles. The mayor, the auditor and the comptroller of Brooklyn were required to appoint a board of elections of three members, of whom not more than two should be adherents of the same political party. The mayor was to appoint one, and the auditor and the comptroller together, two. The "registers and inspectors" and the "canvassers" of elections for each district were to be appointed by this board: that is, the mayor's man was to appoint one inspector and one canvasser, and the auditor's and comptroller's men together were to appoint two of each.

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In the recent election for mayor and other officers of Greater New York, the Citizens' Union, under the leadership of Mr. Low, insisted that the state constitutional convention of 1894 had intended to establish non-partisanship in municipal affairs, by the separation of municipal from state and national elections.[1] On the other hand, General Tracy, the Republican candidate for mayor, vigorously asserted that the constitution made partisanship necessary, by the clause requiring that election officers in all elections should be equally divided between the adherents of the two principal political parties in the state. In the light of this controversy, the provisions of an act of 1892 to govern elections in Albany are of curious interest.[2] This law established a board of election commissioners representing different political parties on state issues. But the board itself was required to appoint precinct election officers from the different political parties on local issues. The law was self-contradictory and absurd, except on the assumption that state parties and local parties were practically identical. A similar law applied to the metropolis at the present time would also cause confusion, as the people of New York City are divided very differently on state and on local issues.

The controversy just referred to, over non-partisanship in the constitution, illustrates the fact that, while parties are getting a firmer footing in the laws of the states, the opposition to partisan government and the spoils system is also getting a statutory footing. There is certainly no easy way, under the conditions of political thought that prevail in this country, of definitively separating municipal from state and national politics. The partisans have the advantage of the non-partisans, not only by reason of the political habits of the people and the inherent strength of established organization, but also by having got an earlier grip on the law itself. As a matter of fact, the election law of the state of New York, from the mild hint of partisanship in the law of 1842, has developed a definite and thorough recognition of the bipartisan system. For now the

[1] See Citizens' Union Publications: "Campaign Book," pp. 1–3, and "Home Rule for Cities," Pamphlet F 1. [2] Laws of N. Y., 1892, c. 171.

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constitution itself requires that election officers shall not only be equally divided between the adherents of the two principal political parties, but shall even be appointed on the nomination of the party committees.[1]

It was, of course, inevitable that in the great state of New York, where even national elections sometimes turn on the canvass of votes in a single city, two political parties of nearly equal strength should have secured general recognition as parties in the administration of the election law before they secured it in any other department of government. But "minority representation" and "non-partisanship" have extended themselves to many branches of municipal administration. Prominent among these is that concerned with poor relief and the management of institutions for the relief of the defective and dependent classes. Under our system of equal manhood suffrage, the manipulation of the pauper and the criminal vote of a large city may have a very important bearing on the results of elections. The political significance of "charities and correction" had become so great in New York City, as early as the middle of this century, that the almshouse and the penitentiary were put under the management of what was in practice a bipartisan board of "governors" by an act of 1849.[2] In 1860, when the Republicans were in control at Albany, they abolished this board of governors and established a partisan department of charities and correction, under a board of four commissioners to be appointed for long terms by the Republican comptroller.[3] Although the dual party control of the charities department of New York City has never been revived in the law, that system has been established at various times in several other cities of the state.[4]

The third branch of administration in which party government began to be recognized by law was the police. (Fire protection will here be treated as a branch of the police function.)

[1] Constitution of 1894, art. ii, sec. 6.

[2] Laws of N. Y., 1849, c. 246.

[3] *Ibid.*, 1860, c. 510. See also Durand, The Finances of New York City, p. 80.

[4] Utica, Laws of, 1873, c. 30; Troy, Laws of, 1880, c. 328; Little Falls, Laws of, 1895, c. 565; Oswego, Laws of, 1895, c. 394.

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The protection of life and property and the enforcement of the laws in cities have come to depend in all too many cases, as Americans think, on what is called political "pull." The enforcement of the liquor law and the laws against vice and crime is of momentous importance to the practical politician and vote-getter; for the gambling vote and the liquor vote are influenced by the methods of enforcing law even more than by the provisions of the law itself. Furthermore, the election officers, no matter how loyal they may be to the interests of the people or of their party, are comparatively helpless without the support of the police. It is not strange, therefore, that in New York state at some time during the last forty years representation of the two parties should have been guaranteed in the police administration of no less than twenty-two different cities[1] and in the separate fire departments of eight cities.[2] The motives for putting fire departments under bipartisan control are, however, not so apparent as those in the case of police proper, unless we frankly accept the somewhat ungracious theory that the division of the spoils is at the bottom of all this lawmaking in the name of "non-partisanship."

The experience of the city of Buffalo in police organization is instructive. The police department of that city was organized in 1853, with an absurd system of appointments to the police force by the common council, under provisions for minority representation that would secure three out of every five officers to the majority party and two to the minority in the council.[3] This system lasted only three years, and it was not

[1] These cities, with the dates of their police organization or reorganization on the basis of party representation, are as follows: Albany, 1872, 1896; Binghamton, 1881, 1888; Buffalo, 1853, 1883, 1891, 1892, 1894; Corning, 1890; Dunkirk, 1894; Elmira, 1875, 1889, 1894; Hornellsville, 1890; Kingston, 1891, 1895, 1896; Little Falls, 1895; Lockport, 1882, 1886; Mt. Vernon, 1895; New York, 1895, 1897; Niagara Falls, 1892, 1893; Oswego, 1870, 1895; Poughkeepsie, 1883, 1896; Rochester, 1865, 1880; Syracuse, 1869, 1881, 1885; Troy, 1876, 1880, 1881, 1885, 1892; Utica, 1874; Watertown, 1875; Watervliet, 1896; Yonkers, 1873.

[2] These cities, with dates as above, are as follows: Albany, 1867; Binghamton, 1888; Buffalo, 1891; Lockport, 1895; Rome, 1881, 1890; Syracuse, 1877, 1885; Troy, 1893; Watervliet, 1896.

[3] Laws of N. Y., 1853, c. 230.

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until 1883 that party representation in the police department of Buffalo was again guaranteed.[1] Since that date the city has had a noteworthy police system. The police board is composed of the mayor and two commissioners appointed by him, provided that "at no time shall there be two commissioners of police of the same political party." It is further provided that one of the members of the board shall be the "acting commissioner," thus in a measure satisfying the demand for a single head of the police force, capable of acting without too much deliberation and delay. Moreover, the mayor is not required to attend the meetings of the police board, except on the written request of one or both commissioners. Under this arrangement, we see that provision is made for the ultimate responsibility, in the police administration, of the party which is at the time in political majority in the city; while the minority is sure to have one member of the board, and is thus likely to be prepared to defend its rights and expose any attempted maladministration.

The city of Troy has always been a stronghold of Democracy, having resisted even the Republican tidal waves of 1894, 1895 and 1896; and so the state legislature, when Republican, has been particularly solicitous for the welfare of the Republican minority in Troy. A police commission of three members, on which both parties were represented, was established in 1876.[2] Poll clerks were to be appointed by this board for every ward in the city, and the majority of the poll clerks in any particular ward were to be of the political party which had a *minority* of the voters in the ward. Some years later the Troy police commission was increased in membership to four and was made strictly bipartisan.[3] As if this were not enough, a statute was enacted in 1881 directing the police commissioners to meet at a specified time, in a specified place, and appoint a specified number of police officers of specified ranks and in a specified order.[4] Each commissioner was permitted to vote for one candidate at a time, and the votes of two out of the four commissioners were declared sufficient to elect. Furthermore, the police commis-

[1] Laws of N. Y., 1883, c. 359.
[2] *Ibid.*, 1876, c. 30.
[3] *Ibid.*, 1880, c. 328.
[4] *Ibid.*, 1881, c. 362.

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sioners were made removable by the supreme court for neglect of duty, and any taxpayer was authorized to bring mandamus proceedings to compel the performance of any of the acts named in the law. To such lengths of interference with municipal authorities does a state legislature of opposite politics sometimes go!

But the bipartisan law that won more notoriety, perhaps, than any other ever enacted, was the New York City police law of 1895.[1] In practice, both of the leading parties had been represented on the police board before that time, this result having been brought about by political "deals" between the parties. By the law of 1895 it was enacted that not more than two of the four commissioners should "belong to the same political party" or "be of the same political opinion on state and national issues." To practical politicians this, of course, meant that two commissioners should be chosen from each of the two political parties. Mayor Strong appointed commissioners representing the two parties, but not at the dictation of the two machines. Under the presidency of Mr. Theodore Roosevelt, now governor of the state, complications arose which divided the board and caused a deadlock of long standing.[2] The efficiency of the police department was greatly impaired and the bipartisan system of control was discredited, wherever New York's municipal experience was carefully observed. Nevertheless, the framers of the charter of Greater New York adopted the bipartisan provision of the old New York police law, with some modification in details.[3] The apologists for a bipartisan police board maintained that, so long as the board retained control of the election bureau, the bipartisan arrangement was required by the provisions of the state constitution, and that, in any case, to intrust the control of the police force

[1] Laws of N. Y., 1895, c. 569.

[2] The law authorized the board to appoint policemen, subject to civil-service rules, by majority vote and also to dismiss members of the force, for cause, by majority vote. But promotions required a unanimous vote, unless recommended by the chief of police. One of the commissioners "held up" certain promotions and the chief declined to take the responsibility of recommending them.

[3] Greater New York Charter, secs. 270–371.

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of New York City to a single commissioner, would be to grant powers that would be dangerous in the hands of any one person, no matter what safeguards should be provided to secure an honest and capable officer. The Republican politicians were greatly irritated when, in the summer of 1898, the Democratic Mayor Van Wyck summarily removed the two commissioners who had been appointed as the accredited representatives of the Republican organization, and filled the vacancies with Republicans of his own choosing. The mayor exercised a clear prerogative, under the charter; but it might reasonably be contended that, if it was of such importance that the police board should be bipartisan, so long as it has charge of the bureau of elections, the legislature was in duty bound to designate in the charter of the city the authorities of the two political parties, on whose nomination the mayor should be authorized to appoint the police commissioners. The constitutional argument for a bipartisan police board was evidently abandoned, however, by the Republican organization, when the "metropolitan elections district" was established at the extra session of the legislature in 1898. For, by this act, while the election bureau was not taken out of the police department, the functions of the police force in keeping order at the polls and in enforcing the election law were transferred to a bipartisan force of state officers, called deputy superintendents of elections.

The principle of minority representation has been adopted in a number of cities of New York state in the organization of the department of education,[1] and in most cases the represen-

[1] An act of 1869 (Laws of N. Y., 1869, c. 437) provided that there should be twelve commissioners of common schools in New York City. Every voter was permitted to vote for seven only, and the five minority candidates who received the highest number of votes were to be appointed by the mayor. A law of 1871 (c. 574) made all of these commissioners appointive by the mayor, but required that minority representation should be maintained. Elective school boards with equal minority and majority representation were established in Troy in 1873, in Auburn in 1876 and in Oswego in 1879. In 1892, however, when there was a Democratic governor and a Democratic legislature at Albany, the Troy board of education was reorganized, so that it would be composed of seven members appointed by the mayor, not more than *five* to be of the same political party. Appointive bipartisan boards of education were established in Little Falls in 1895 and in Watervliet in 1896.

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tation of the minority has been equal to that of the majority. A peculiar expedient for taking or keeping the school administration of Ogdensburg out of politics was embodied in an act of 1893.[1] It was provided that three school commissioners should be elected every year by plurality vote. For the nomination of candidates the board of education was authorized to call a primary of voters, irrespective of party, not more than one month, or less than twelve days, before any election, and the list of candidates nominated by this non-partisan primary was to be printed on the official ballot on an equal footing with regular party nominations.

The department of municipal administration that is next in importance to the police and fire departments, from the standpoint of patronage, is the department of public works. It is, therefore, quite in accordance with the precedents of partisan municipal government that attempts have been made to secure a share of this patronage to the minority in a large number of cities. The water commission of Buffalo, established in 1868, was the first example of this kind.[2] This board was merged in 1891 in the board of public works, which is organized on nearly the same principles as the police commission of Buffalo.[3] In twenty-two cities, in addition to Buffalo, minority representation has been established in the constitution of boards charged with the construction or management of public works, and in only six of these has the law failed to give the minority equal representation with the majority.[4]

[1] Laws of N. Y., 1893, c. 87.

[2] *Ibid.*, 1868, c. 716; 1870, c. 519.

[3] *Supra*, p. 687. See Laws of 1891, c. 105.

[4] These six cases are as follows: Poughkeepsie, water commission, 1883; Syracuse, city hall commission, 1888; Ithaca, pavement commission, 1892; Rome, water and sewer commission, 1893; Ithaca, sewer commission, 1895; Niagara Falls, harbor commission, 1896.

The sixteen cases in which strictly bipartisan boards were established are the following: Rochester, executive board, 1876; Oswego, board of public works, 1877; Binghamton, street commission, 1888; Syracuse, water supply commission, 1888, and water board, 1889; Hornellsville, sewer commission, 1890; Hudson, street commission, 1891; Utica, Mohawk River commission, 1891; Watertown, board of public works, 1891; Niagara Falls, board of public works, 1892; Ogdensburg, board of public works, 1893; Cohoes, city hall commission, 1894; Elmira,

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There have been a few scattered cases in which party representation has been required by the law in other departments of municipal administration.[1] The case of the Utica board of assessors, established in 1894, is unique, in that it provides for minority representation without the "limited vote."

> The two persons nominated by any political party or by a certificate filed in the clerk's office, as now provided by the election law of the state, receiving the highest number of votes, shall be declared duly elected assessors: no more than two persons nominated by any party or by said certificate shall be declared elected and entitled to serve as such assessors. The two persons nominated by any other party or by said certificate, who shall receive the next highest number of votes, shall be declared elected as such assessors and entitled to serve as such.[2]

In the reform charter of New York City, passed in 1873, there was a provision for genuine minority representation in the common council.[3] The number of aldermen was fixed at twenty-one (twenty-two after 1874).[4] Six of the twenty-one were elected by general ticket, but no elector was entitled to vote for more than four; and in each of five districts three aldermen were chosen, no elector being permitted to vote for more than two. This system was abolished in 1882[5] and has not since been revived. But the commission which framed the Greater New York charter recommended an amendment to the state constitution which should clearly authorize the legislature to establish "minority or proportional representation." In reference to this proposed amendment, the commission said, in its report to the legislature:

> It is a source of sincere regret to the majority of the commission that under the constitution of the state, as it now stands, it has

board of public works, 1894; Oswego, works commission, 1895; Little Falls, board of public works, 1895; Cohoes, public improvement commission, 1896.

[1] Elmira, park commission, 1889; Newburgh, park commission, 1894; Utica, board of town auditors, 1881; Troy, board of assessors, 1880; Rome, board of assessors, 1881; Utica, board of assessors, 1894; Watervliet, board of assessors, 1896.

[2] Laws of N. Y., 1894, c. 300.

[3] *Ibid.*, 1873, c. 335, art. ii.

[4] *Ibid.*, 1874, c. 515.

[5] *Ibid.*, 1882, c. 403.

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appeared to be impossible to provide for minority or proportional representation in the charter of Greater New York, without making a vital part of the charter depend upon a provision of uncertain constitutionality. Such representation is equally desirable, whether the basis of division in municipal elections be political or non-political.

Finally, attention should be called to a case in which party representation was applied to the judiciary. By an act of 1892 a municipal civil court was established by a Democratic legislature for the Republican city of Syracuse.[1] The Democratic governor was authorized to appoint the two judges, one for a term of five years and the other for a term of six. The Democrats, imitating Republican generosity, provided that not more than one of these judges should belong to the same political party, and, furthermore, that their successors should be elected by the people.

It should be noted that all the acts to which we have referred, except the last two and the act of 1857, by which the New York county board of supervisors was established, have been confined in their scope to the administrative departments of municipal government. We may divide all the acts here under discussion into two groups and four classes. The first group will include those acts which have provided for "minority representation" wholly or partly by election, while the second group will include those acts which aimed to secure "non-partisanship," in all but a few cases by appointment alone. The word "non-partisanship" is here used, because it is the word most frequently adopted by the advocates of what has come to be dubbed the "bipartisan" system. Indeed, the clear purpose of these acts has so commonly been a division of spoils between political parties, that even the lawmakers themselves have in a number of cases been constrained to adopt frankly the word "bipartisan," with whatever stigma of selfishness that word may be burdened.

"Minority representation" has been secured in two different ways: first, by the limited vote, with the whole number of officers elected by the people or by the common council; second,

[1] Laws of N. Y., 1892, c. 342.

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by the limited vote, with a part of the officers elected and the other part appointed from the minority candidates by some appointing authority acting under instructions. "Non-partisanship" has likewise been secured in two ways: first, on the principle that the two leading political parties shall have equal and exclusive representation; second, on the principle that not more than a certain proportion of the members shall belong to the same party. The difference between these two methods of securing "non-partisanship," like that between the two methods of securing "minority representation," involves a question of constitutional law. For in Michigan, strictly bipartisan legislation has been declared void, under a constitutional provision similar to one in the constitution of New York;[1] while in New York legislation providing that not all of the members of a certain commission shall belong to the same political party has been sustained by the courts.[2]

Counting as separate acts those provisions of charters, charter amendments and special laws which establish boards or commissions, or provide for the appointment of subordinate officers, in accordance with one or another of the principles here explained, there have come under my notice one hundred and nine laws in all, falling under our classification as follows:

I. Minority Representation.
   a. Limited vote — all elected — 24.
   b. Limited vote — part appointed — 13.
II. Non-Partisanship.
   a. Strictly bipartisan — generally appointed — 44.
   b. Non-partisan — always appointed — 28.

In the following table, where these acts are classified by decades since 1840, the immense increase in the amount of this kind of legislation is apparent. This increase is undoubtedly due to two causes — namely, the rapid growth of the cities of New York state in both size and number and the increasing recognition that parties are securing in the law, to correspond with their long-maintained dominance in practical politics. The

[1] See Attorney-General *vs.* Detroit Common Council, 58 Mich. 213, and Constitution of N. Y., art. ii, sec. 1. [2] Rogers *vs.* Buffalo, 123 N. Y. 173.

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table also shows a very marked shifting of methods in the acts here under consideration. "Non-partisanship" has almost supplanted "minority representation." This change has undoubtedly been due, for the most part, to the decrease in the direct power of the people and of the common councils, corresponding to the increasing powers of appointment intrusted to the mayors. And, besides, bipartisan boards are much more efficient instruments for the distribution of spoils between two rival parties than are boards with unequal party representation. It will be noticed that nearly half of the total number of acts have been enacted since 1890, and that considerably more than half of the acts classed under "non-partisanship" in both divisions have been passed since that time.

TABLE.[1]

YEARS.	NO. OF YEARS.	NO. OF ACTS IN CLASS I *a*.	NO. OF ACTS IN CLASS I *b*.	NO. OF ACTS IN CLASS II *a*.	NO. OF ACTS IN CLASS II *b*.	TOTAL NO. OF ACTS.
1840–1849 . . .	10	2	2	0	0	4
1850–1859 . . .	10	0	2	0	0	2
1860–1869 . . .	10	2	2	0	1	5
1870–1879 . . .	10	10	3	4	3	20
1880–1889 . . .	10	6	0	14	8	28
1890–1897 . . .	8	4	4	26	16	50
1840–1897 . . .	58	24	13	44	28	109
1840–1879 . . .	40	14	9	4	4	31
1880–1897 . . .	18	10	4	40	24	78

[1] It is interesting to compare this increase in legislation with the increase in general charter-making. I have gone through the session laws of New York as carefully as I might, with a view to listing all the city charters and general charter revisions passed from the beginning of English rule down to the close of 1897. I find that the number of such laws passed during the different periods is as follows:

1665–1839	16	1860–1869	13
1840–1849	7	1870–1879	16
1850–1859	12	1880–1889	17
		1890–1897	22

This makes a total from 1665 to 1897 of 103 acts, applying to 42 cities, of which Williamsburg, Brooklyn and Long Island City have been merged into what is now the city of New York.

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We have seen that minority representation, in the usual sense of the term, is of doubtful constitutionality in the state of New York. The doubt is based on the guaranteed right of every duly qualified citizen to vote "for all officers that now are or hereafter may be elective by the people, and upon all questions that may be submitted to the vote of the people."[1] The constitutional amendment, recommended by the Greater New York charter commission and already passed by one legislature, consists in the insertion after the above of the following clause:

> The legislature may, however, enact laws which, in elections by the people for offices in municipal or public corporations or any class of such corporations, shall provide for minority or proportional representation in such elections.

The most distinctive feature of American constitutions is the establishment of civil liberty, under the protection of the fundamental law. At one time it was considered necessary to protect the minority party against the tyranny of the majority party; for it became apparent that abstract provisions for the protection of the individual in the possession of equal rights might come in conflict with the welfare of the individual as a member of the organized minority. The result was that, with doubtful constitutional right, the legislature of New York, almost sixty years ago, began to limit the right of the individual in the abstract, in favor of the individual as a member of the minority party. Thus the rudiments of minority representation, in the choice of election officers and some other administrative officials, were gradually introduced. And although the minority has already secured in many cases equal representation with the majority, yet the stakes of governmental power are so great that the minority is still clamoring for protection, and bids fair to get its potential rights guaranteed in the constitution of the state. Indeed, with an equally divided control of elections, with bipartisan boards of police and public works, and with proportionate representation in municipal councils, the condition of the minority will soon be so ameliorated that the difference

[1] Constitution of New York, art. ii, sec. 1.

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between being "out of power" and being "in power" will not be important. When this stage of political progress begins to be reached, a new minority or perhaps an unorganized majority will wake up to the fact that government has fallen into the hands of professional spoilsmen, and that the independent citizen must begin a new fight for recognition against a combination of the two chief party organizations which have secured a grip on the constitution and the statute books.

Even now the citizen is not entirely unprotected against party despotism. An old provision of the constitution of New York, after describing the oath of office to be required of every public officer, goes on to say: "No other oath, declaration or test shall be required as a qualification for any office of public trust."[1] Under a similar provision, the Supreme Court of Michigan has invalidated legislation providing for the exclusive representation of the two leading political parties.[2] The notorious "Albany police bill" of 1896 was declared void partly on the same ground.[3] And it is probably true that very little, if any, of the legislation which we have called "bipartisan" would be sustained, if taken into the courts. It is doubtless this question of constitutionality that has led to the enactment of so many laws of the form classed above as "II *b*." Under these laws the independent citizen remains eligible to office; and whether or not he succeeds in being accepted as a public servant depends entirely upon his ability to persuade some benevolent mayor or council to appoint him. Under ordinary conditions, to be sure, the benevolence of appointing authorities is so "directed" that independent citizens are not at all likely to enjoy the emoluments of appointive offices. Still, mere eligibility under the law is no small crumb to snatch from the overloaded table of party government. It may enable the "non-union" politician to keep alive until the political machines have an unlucky day and are laid by for repairs.

Professional politicians are, it seems, sometimes caught napping. This was apparently the case in the New York

[1] Art. xiii, sec. 1. [2] See *supra*, p. 693, note.
[3] See Rathbone *vs.* Wirth, 150 N. Y. 459.

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constitutional convention of 1894, which was controlled by the Republican party and doubtless had a membership of a higher average order than that of a state legislature, but from which the politicians were not all absent. In the new constitution, civil-service reform was introduced without any apparent partisan motive, other than the fact that the state administration and the governments of New York City and Brooklyn had been for a good many years in the hands of the Democratic party. The separation of municipal from general elections, although supported in the address of the majority of the convention to the people on grounds of "non-partisanship," was a measure which seemed to be favorable to the Republican party within the state. The encouragement of independence in municipal politics would, it was thought, open the way to a weakening of the hold of the Democratic party on the municipal affairs of the metropolitan district; and from the development of independent voting in the cities of the state, or at least in the most populous cities, the Republicans had apparently nothing to fear. But the separation of municipal from other elections proved to be the principal *raison d'être* for the Citizens' Union in New York City. The advent and rapid growth of this local political party dumfounded the politicians—for the moment, at least. With strictly bipartisan legislation, except in the one field of elections, probably forbidden by the constitution, and with local political independence encouraged by the separation of municipal from state and national elections, independent movements in cities become dangerous to the old party organizations; for endless confusion, from the party leader's standpoint, may thus be introduced into the distribution of municipal patronage. Take, for example, the New York City police department. The law requires only that not more than two of the four commissioners shall be of the same political faith on state and national issues. The Democratic Mayor Van Wyck might, if he had been so disposed, have appointed all four commissioners from the Citizens' Union, or he might have appointed two Jeffersonian Democrats and two Socialists, or two Prohibitionists. Possibly, if the candidate of the Citizens' Union for mayor had

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been elected, neither of the regular party organizations would have been represented at all on the police board. And if the ordinary rule, that the members of bipartisan boards be taken from the two principal parties, had been followed out in Mayor Van Wyck's appointments, the Republican organization certainly would not have had any representatives on the police board. Whether or not the bipartisan system, as now applied to municipal affairs, is to be broken up, depends chiefly upon the permanent strength of such movements as that represented by the Citizens' Union.

We have seen the "compromise" of the constitution of New York, which in one breath says that every citizen may vote for all officers who are elected by the people and in the next breath says that election officers must be chosen exclusively from the two principal political parties, and on the nomination of the party committees. The independent citizen consoles himself with the fact that appointments to subordinate offices must be made, so far as possible, in accordance with open competitive examinations to determine the "merit and fitness" of the applicants. And the municipal reformer gets his morsel of comfort from the fact that his mayor and aldermen are to be elected at a different time from the governor and the Congressmen. In all these provisions there is shadowed forth a single compromise, expressing the confusion of thought among the people on the question of party government. The relation of parties to the system of elections and the extent of party influence in matters of administration constitute, for the immediate future, the leading problems of commonwealth constitutional law. In their solution are involved the more special problems of municipal home rule and central control, of the true scope of municipal functions and of state regulation of private and local enterprises.

DELOS F. WILCOX.

ELK RAPIDS, MICH.

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REVIEWS.

The Workers: An Experiment in Reality. *The East* and *The West.* By WALTER A. WYCKOFF. New York, Charles Scribner's Sons, 1898. — x, 270; x, 378 pp.

Inspired by close contact with a friend of "intimate familiarity with practical affairs" and "catholic sympathy with human nature," Mr. Wyckoff spent some eighteen months among the laboring classes, trying thus to bridge the gulf between his own "slender, book-learned lore and [that friend's] vital knowledge of men and the principles by which they live and work" (preface). In that time he travelled, mostly on foot, from Connecticut to California, living by "odd jobs," —as farm hand, hostler, lumberman, day laborer, *etc.*, —and of necessity mingling with all manner of men. The story of his adventures is certainly interesting; but the nature of the undertaking, as a so-called "application of the laboratory method to sociological research," is to the student of affairs economic and sociological a matter of much greater importance.

From the outset it is clear that the writer is a novice in dealing with the hard facts of life. When serving his apprenticeship with the pick and shovel, he made the epoch-making discovery that, when "down sweeps your pick with a mighty stroke" upon a concealed stone, the contact "sends a violent jar through all your frame, causing vibrations which end in the sensation of an electric shock at your finger-tips" (I, 114)! Very early, too, Mr. Wyckoff received a "revelation in the discovery of the degree to which profanity is ingrained in the vernacular" of "the laboring poor" (I, 58); and the naïveté of his exclamations of horror over the cursing of some urchins (I, 60) is comparable only with his attempts at softening the oaths of lumbermen (I, 217, 239). More convincing evidence as to the equipment and point of view of this investigator is found in his astonishment at the "unlooked-for quality in the intelligence of the people"—a wonder at first arising from the not infrequent discovery of books, even copies of Milton and Emerson, on sitting-room tables (I, 17)! Later, however, he found better ground for his wonder (see I, 119; II, 241); and it was after discussing with a Pennsylvania farmer the alleged grievances of the farming class that he wrote: "I went

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to bed pitying myself for my shallow judgment and my ignorance of life" (I, 178). Verily, it appears that Lincoln's "people," and their ways of life, must from time to time be rediscovered.

"An experiment in reality" is the subtitle of this work, into which, says the preface, "no element of fiction has intentionally been allowed to intrude." Yet is not fiction the most prominent feature? Many of our author's heroes among the workers are built on Homeric lines, but even his language apparently fails to do justice to the women. One Swedish girl has cheeks of "translucent pink" and "rich red lips [that] were as delicately formed as in the Psyche of Praxiteles" (II, 358); a woman, whose parcel he carried, had heavy hair of "tawny red, like that of Titian's 'Magdalene' in the Pitti" (II, 65); and the harlot, whose alms he refused, had—he noticed in a driving storm—a mouth "of almost faultless drawing, with a dimple at each corner" and a "chin of perfect moulding" (II, 31). Possibly it may have been charms like these, embodied in the young woman whom he had admired when an usher at a wedding at St. Thomas's, that led him, on meeting her when he was wearing his laborer's garb, to laugh "a short, harsh laugh" (I, 50).

The same theatrical element constantly appears in other forms. Thus, when asked to conduct a prayer meeting—apparently not an unfamiliar process—in a lumbermen's village, our author felt the pressure of a "cold, hard grip upon [his] heart," but "in another moment [he] was cooler, and a strange, unreasoning peace ensued" (I, 264). In the very first week, too, he begins to speak for—as if of—the laborers with whom he worked. Thus: "*We* worked as though possessed by a curious numbness that kept us half-unconscious of the straining effort, *which had become mechanical*" (I, 47). Soon he says: "*We* are unskilled laborers 'selling' our mere muscular strength," without the "joy of responsibility," leading "hard, barren, hopeless lives" (I, 61 on). Almost as well might a man attempt, after spending a day in a maternity hospital, to express fairly the pangs of childbirth! And when he says, "I am learning, by experience, what it is to look for work . . . under the spur of hunger and cold, and of the animal instinct of self-preservation" (II, 1), we do indeed, remembering that he has almost within call a well-to-do friend (II, 82), feel the weight of his evidence.

Even more misleading are his attempts to characterize individuals. Of the men in the lodging-house, he says, "each was absorbed in his own *bitterness*." True? After seeing for a few moments a misanthropic old farmer, he comments: "And so he disappeared, *as strange*

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a human being as the world holds, living tremendously a life of strenuous endeavor, yet Godless and hopeless and loveless in it all, except for the greedy love of gain, which holds him in miserable bondage, as he works his life away" (I, 164). When two sisters of charity pass him on the street, he dilates: "Their sweet, placid faces, framed in white, reflected the limpid purity of unselfish useful living, and their eyes, deep-seeing into human misery and evil, were yet serene in the all-conquering strength of goodness" (II, 81). Could fiction do more — or worse?

On almost every page of Mr. Wyckoff's book is the suggestion of a problem on which light is needed — and not supplied. Thus, we want to know how seriously, and with what results, the average laborer seeks employment (II, 71–8), how severe is the disappointment of such a man on not finding work (I, 11; II, 46), why there are congested labor markets when the farmers are without helpers (II, 298; v. I, 173, and II, 251), how far the workingman can and will improve his leisure (I, 180), how often the saloon aids the poor man and how often it serves to deepen despair (II, 54, 62), how large a part of the laboring class regard vice as "simply inherent in the order of things" (I, 254), for how many workers the future holds out only the prospect of more indulgence, made possible by prodigality (II, 184). We must, indeed, learn — if our study of social movements is to be at all intelligent — whether artisans and laborers commonly shirk their work (II, 259), whether employers generally are alert to discover and develop ability (II, 182), whether unions habitually force down the standard of skill and industry (II, 278), whether the Pennsylvania farmer (I, 192) or the Chicago station-house lodger (II, 38) is to be regarded as typical of any large part of American society, whether the Philistinism of the sturdy farmer, "with utter disregard of the duty of helpfulness," is more widespread than the socialist's dream of the collectivist order of society (II, 111, 213–43) or the Western agitator's demand for governmental aid to farmers (II, 297). Above all, perhaps, we need to ascertain what are the true lines of cleavage in society — between the classes of leisure and of work (I, 32), of dirty and of clean work (II, 162), of the skilled and the unskilled (I, 38), of social convention (I, 106), of the rich and the poor (II, 207), of moral weakness and of character (II, 38, 39), of shirkers and workers (I, 57, 158, 166; II, 182, 278, 295, 320, 332). All these — and countless more — questions remain to be answered *after* reading these volumes, so that one naturally repeats the author's own question: "What real purpose was [the] experiment to serve?"

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And the answer is found in his own words: "I had discovered . . . nothing that was new to science, and the experiment of a single individual could never furnish data for a valid generalization. . . . Moreover, it was impossible for me to rightly interpret even the human conditions in which I found myself." Such a frank admission — especially as coming from a writer who has all along freely acknowledged his ignorance, his inexperience and his distrust of his own conclusions — almost disarms criticism; yet the preface to the work, written years after the above thoughts are supposed to have passed through his mind, speaks of this as a "new, unoccupied, inviting field, 'offering a fair prospect' to a student *eager for a place among original investigators.*" From this point of view, the experiment itself must be regarded as a failure; although it has doubtless been (aside from its practical results) of considerable value to the writer personally, where he has rightly understood the life about him. But the work — however interesting it is, and perhaps the more because it is interesting — must be regarded as distinctly harmful, so far as it leads readers to imagine that from it they gain true conceptions of our industrial conditions and so far as it maintains the belief that such methods of investigation can yield results of value to science.

The vital defect of such methods lies in the false assumption on which they are based — the assumption, namely, that a stranger's study (usually of necessity limited in time and scope) of the outward circumstances of the life of a class can reveal the *essentials* of that life. The "slumming" youth, whose "unwholesome curiosity" as to station-house lodgers seems to our author to be a "deliberate insult" to the objects (II, 87); the amateur dabbler of the aggressively and ignorantly "reforming" type in local politics; the impulsive and inexperienced young persons aiming to "uplift the slums" — these and others of their kind are continually preventing real progress, by collecting and diffusing new misinformation and setting in motion new cross-currents of prejudice. The spirit back of such efforts is doubtless commendable; and it is good to know that there are many who are not "indifferent to the vital needs of the world and to the pressing problems of its life" (II, 209); but the "way," the "something to do," remains to be pointed out. Nor is it likely to be discovered through such voyages of social discovery as those just alluded to, if Mr. Wyckoff — certainly equipped with high purpose, with great steadfastness and with keen powers of observation — has nothing but negative results for others than himself. His volumes serve, in fact, to prove — by their unreality, their incompleteness,

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their fanciful interpretation of motives and of character — how barren is *this* conception of the "laboratory method" as applied to the study of social conditions.

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Columbia University.

Problems of Modern Industry. By Sidney and Beatrice Webb. London, Longmans, Green & Co., 1898. — 286 pp.

The papers in this volume have already been published, but their collection in a new form will be justified by all readers; for no one has stated more coherently or more powerfully than these authors the great issues upon which the industrial struggles of the next generation will center. A single passage may represent the Webbs' point of view.

> When we are concerned with the propertied classes — when, for instance, it is sought to open up to women higher education or the learned professions — it is easy to see that freedom is secured by abolishing restrictions. But when we come to the restrictions between capital and labor, an entirely new set of considerations come into play. In the life of the wage-earning class, absence of regulation does not mean personal freedom.

If three of the eleven chapters be excepted, all the others are, explicitly or by implication, a justification of the passage quoted. Those on "Women's Wages," "Women and the Factory Acts," "Hours of Labor," "Sweating System," "The Poor Law," "Coöperation and Trade Unionism"— one and all give proof, in theory or by appeal to experience, that social forces must be organized in defense of the mass of the laborers. The English factory system, moreover, is studied to show how much more freedom the laborer has under its régime than would be found in unregulated industries of the same class of labor.

This discussion is now of special importance for those interested in our American situation. Here the strong and successful object to "regulation." This class, even among the wage-earners, are perhaps growingly contemptuous of trade-union restrictions, if only they (the successful workers) are able to get advantages from machine production. The increasing superiority of this country over England in the iron and steel industry is certainly in part owing to the lack of trade unions here or to their practical subjection. Thus, the Illinois Steel Company has trade unions, but all employees must sign a clause which expressly states that the new applications of science and invention shall be absolutely in the hands of the company. The trade union cannot here, as in England, delay for a moment the adoption

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of new processes. In several concerns the writer has been told by a large number of successful laborers that the trade unions are, on the whole, a nuisance. The position of the Webbs seems to be, that the state should more and more enter in as regulator — that society should itself extend what trade unions have done so much to bring about. For, in the United States, and doubtless more and more in England, the concentrated power of *la grande industrie* is steadily making it more difficult for trade unions to regulate from the social point of view. Unless we are to fall back upon the *laissez-faire* doctrine, pure and simple, and trust that unhindered competition will not only advance the strong and industrially fit laborers, but also the great body of the weaker ones, it must be admitted that the time has come when society must itself take up the work of regulation for which the trade union is becoming too weak.' To form an opinion upon this point, one must face the ugly conditions of the coal industry and the fact that (as about the blast furnaces) a multitude of men are now working twelve hours a day. No one can watch the strain, even of the ten-hour worker, in these great mills without wondering what conceivable human interest can remain after the day's or the week's work is done. The manager of the largest business in the Middle West told me:

> It 's too hard work, of course, but no power can stop it unless we all have to stop it together. Our chief rival has even gone to work Sundays, and all those that have to do with furnace work must stand it eighty-four hours a week. It 's cruel on the men, but I don't see how it can be helped.

In the business referred to, the trade union has been hopelessly crushed. Is this process to work itself out to the bitter end, or will society at length make it possible that the laborer shall have some chance of an individual and family life that is at least tolerable? No one has given stronger or subtler reasons than the Webbs to show that legal enactment must have far wider application than now exists.

In the strong essay with which the volume closes — "Socialism, True and False" — it is admitted that the wages system, as determined by competition, must go. The new wages system, we are told, must be "deliberately settled according to the needs of the occupation." As to what this implies we are left in no doubt. Mr. Choate's salary as ambassador in London has distinct reference to his needs in that expensive society; and Mr. Webb would extend that method of fixing compensation to every day-laborer in the land. This implies a bewildering extension of conscious state or social regulation; but it is not beyond Mill's suggestion, as he comments upon Comte,

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This rough method of settling the laborer's share of the produce by the competition of the market may represent a practical necessity, but certainly not a moral ideal. Its defense is, that civilization has not hitherto been equal to organizing anything better than this first rude approach to an equitable distribution. Rude as it is, we for the present go less wrong by leaving the thing to settle itself than by settling it artificially in any mode which has yet been tried.

JOHN GRAHAM BROOKS.

CAMBRIDGE, MASS.

Untersuchungen über die Lage des Handwerks in Deutschland. Schriften des Vereins für Socialpolitik, Bd. LXII–LXX (inclusive). Leipzig, Dunker & Humbolt, 1895–98. — 9 vols., cvii, 5253 pp.

The political confusion which prevailed in Germany during the first half of the present century was reflected in the industrial condition of the German people; for the local prejudices of the small states fostered commercial isolation, and as a consequence the guild system remained the prevailing type of industry. The handicraftsman, like his father before him, served his apprenticeship and slowly made his way toward the coveted position of master. He not only had not felt the throes of the industrial revolution, but it had scarcely dawned upon his almost mediæval mind that such a revolution was taking place. Only after the political disturbances of 1848 did the development of the factory system begin to cause commotion in the industrial world; and not till the establishment of the Empire in 1871 did the pressure of the new upon the old system make the *Handwerkfrage* the burning question of the day. Then it was discussed in conventions, the government was appealed to, its scientific bearings were taken up in economic journals and in numerous monographs, and finally the Verein für Socialpolitik, at its annual meeting of March 13, 1892, resolved to make a careful and comprehensive study of the question. Professor Karl Bücher, Dr. Gensel and Professor A. von Miaskowski were appointed a committee to plan and supervise the investigation.

The plan which was adopted is outlined by Professor Bücher in Vol. I of the *Untersuchungen.* The general object of the investigation, he says, is "to ascertain the actual conditions prevailing in the handicraft system and its ability to compete with other forms of industry in placing goods on the national market." In order to obtain results that shall be of scientific value, all the industries in which the handicraft system prevails to any extent must be studied; the whole empire must be included in the investigation; and such

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types of industry must be chosen as shall fairly represent the prevailing conditions in the city, the town and the rural community. A general line of inquiry, suggested as a guide, embraces such heads as: (1) the obtainment of raw materials — whether from a middleman or from the producer, for cash or on credit, by individual purchase or through purchasing associations; (2) creation of labor power — apprenticeship, manual training and industrial schools, ruling wage system, hours of labor; (3) capital requirements — fixed and circulating capital in the various classes of business, workshop, warehouse and dwelling rents, application of power for the small industry; (4) production — whether for the market or upon order, complex or simple; (5) extent of market, conditions of payment and terms of credit; and (6) business credit organization. The coöperation of the universities throughout Germany was asked, professors of political economy were urged to take up the matter in their seminars and individuals were solicited to contribute monographs.

The efforts of the committee met with a hearty response. The first volume of its reports was published in 1895, and others appeared from time to time until the final volume came out in 1898. There were contributed 112 monographs by 97 different writers. Among the various states the monographs are distributed as follows: Prussia, 44; Saxony, 29; Baden, 19; Saxe-Weimar, 8; Bavaria and Württemberg, 3; Hesse and Alsace-Lorraine, 2; Saxe-Meiningen, 1, and the whole of Germany 1. Forty-four treat of the industries in large cities, 22 of those in cities of medium size, 38 of those in villages, 9 of those in rural districts, and 8 deal with large regions — for example, the whole kingdom of Württemberg.

Professor Bücher distinguishes between the handicraft of the guild system and the handicraft of to-day. The former he calls *Zunfthandwerk* — order production — and the masters he speaks of as being independent; the modern form he designates by *Handwerk* (handicraft). This distinction turns upon the two processes of which production may be said to consist — namely, the technical operations of manufacture and the commercial operations of buying the raw material, deciding as to its ultimate form and placing the finished product on the market. Under the guild system the commercial element was not present to any marked degree: the artisan worked on order directly for the consumer, his market was local, prices were fixed by custom and his trade was protected by rigid regulations. Under modern conditions the commercial element is the significant factor: order production for a known consumer has given way to

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mass production for unknown consumers, the local to the world market, custom and trade regulation to unrestricted competition. We cannot return to the isolation of the guild system; the chief characteristics of the present industrial world have come to stay. The problem is not that of reversion to the old, but of adjustment to new conditions. Can the handicraft system make this adjustment and retain those features which its partisans prize — that is, is the isolated handicraftsman fitted for mass production and can he compete in the markets of the world with his rivals, the domestic and the factory systems? To answer this question is the purpose of the investigation.

The significance of this fact has escaped the notice of the writers of even the best monographs. Neu classifies as *Grossbetrieb* all manufactories employing more than ten persons, as *Kleinbetrieb* those employing less than five and as *Mittelbetrieb* those employing from five to ten (II, 62); and on page 67 he uses *Handwerk* synonymously with *Kleinbetrieb*. Geissenberger also makes the classification depend on the number employed and he also places under *Handwerk* all industries where less than five are employed (III, 241). Such a classification may serve for practical purposes of factory inspection, but for scientific analysis it is of little value.

The almost unanimous opinion of the investigators is that handicraft, as an industrial system of primary importance, in Germany is doomed. The forces that have brought about its overthrow must be sought in the conditions existing in modern civilization: greater ease of communication has produced greater mobility of capital and labor; a great middle class has made its appearance, with wants more varied and refined, and to satisfy them the telegraph and railroad bring together products from all parts of the world. This is by far the most significant fact of the industrial revolution.

The ability of the handicraft system to adjust itself to the new conditions varies (1) with the nature of the different industries — thus, the textile, iron and salt industries have been almost wholly taken over by the factory system; (2) with the nature and source of the raw material — thus, the pottery industry of Bunzlau and vicinity is still largely in the hands of the artisans, owing mainly to the easily accessible raw material, while the coopering industry of Leipzig has been taken over to the factory system because the local supply of raw material has been depleted, and the artisan shoemaker of Jena is handicapped by the inability of the local artisan tanner to furnish him as good and as cheap sole leather as the factory is able to secure from

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America; and (3) with the different cultural stages of society — for fifty-two per cent of all the independent artisan masters of Germany are found in the rural districts.

Under certain conditions and in certain trades, handicraft can perform the technical processes of production as cheaply as its rival can, but these are exceptions. The artisan is very apt to lag behind in modern methods of manufacture, and his product lacks the style and finish of that turned out by the factory. But it is on the commercial side of production that we discover the inherent weaknesses of the handicraft system for its new rôle. The artisan possessing small capital cannot secure, either in purchase prices or transportation rates, the advantage that comes from buying in large quantities; nor can he take advantage of the market and lay in a stock when it is to his interest to do so. He must share his profits with middlemen, while the factory avoids this by purchasing directly. As his turnover is slower, he must make a larger per cent of profit, and he is more subject to the vicissitudes of a rising and falling market. He has little reserve power and is unfitted to take the risks which he is constantly obliged to assume. As he has neither the time nor the training for understanding the market or interpreting the wants of consumers, his production is haphazard, at the best; while his rival, the factory, has special agents whose business it is, not only to find out what people will buy, but to stimulate and even to create new wants.

The partisans of the handicraft system have to a certain extent recognized these weaknesses, and attempts have been made to overcome them. Associations for furnishing credit and for buying raw material have been formed, technical and trade schools have been founded, the government has been asked to lend its aid in various ways, apprentice regulations have been made more rigid; but the consensus of opinion is that all this has done little toward releasing handicraft from the throttling clutch of the domestic and factory systems — that the independent master will hold his own for some time in the rural districts, and for order and repair work in the large centres, but that for production for the masses the old system is too clumsy and expensive.

While the investigators speak in no uncertain words as to the tendency of German industry, there is less unanimity in regard to the social and economic effects. It is generally agreed that the hours of labor are shorter and sanitary conditions better under centralized industry than under the handicraft system; and that the

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factory system, by breaking down social isolation, paves the way for the trade union, with its power of bettering the condition of its members. But there runs through the entire investigation an undercurrent of opinion that, while there has been material gain, this has perhaps been outweighed by a loss of individual initiative and industrial independence.

It is not strange that in so comprehensive an investigation, coming from so many sources, there should be marked inequalities of merit in the different monographs. Some are remarkably able, while others might well have been subjected to sharper editing; but the average is high and could only have been attained in a country possessing so many trained investigators. The success of the undertaking is due largely to Professor Bücher, who was its director and inspirer at every stage; and his achievement places him in the front rank of economic historians, leaving him without a peer in the particular field of industrial economics. This work suggests what might be done in the United States. We can arrive at the truth respecting the actual working of the factory system, and the later development known as the trust, only by an inductive study of the conditions that actually prevail in our various industries; and such studies might well be undertaken by our larger colleges and universities, each institution taking up those industries which are easily accessible. As a guide for such work these nine volumes will prove invaluable.

It is to be noted, in conclusion, that each monograph is provided with an excellent table of contents, while in Vol. IX appears an index to the whole series.

JESSE E. POPE.

COLUMBIA UNIVERSITY.

Zur Anthropologie der Badener. By OTTO AMMON. Jena, Gustav Fischer, 1899. — xvi, 616 pp., with 15 maps.

The author of this most complete racial analysis of the population of Baden is well known as one of the founders of the school of so-called anthropo-sociologists, and this volume is of particular interest as marking a stage in the development of its opinion. In 1890 a preliminary study of the physical characteristics of the Grand Duchy directed attention to a number of differences between rural and city populations. This led to a generalized theory of social selection,[1] which, passing through two editions in German, has been

[1] Die Gesellschaftsordnung und ihre natürlichen Grundlagen (Jena, 1895. 2te Auflage, 1896).

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very widely read, although not seldom violently criticised.[1] It bore, especially in its first edition, all the ear-marks of a comprehensive social theory, based upon an all too narrow basis of statistical fact. To attempt even an outline of its argument would lead us too far astray; but it suffices to say that the work was an attempt rigidly to apply the Darwinian hypothesis, biologically rather than psychologically, to the phenomena of social evolution. Everything turned upon the great and abiding principle of natural selection, with especial emphasis upon physical characteristics, such as the head-form. With a positively brilliant contribution to science was intermingled a certain amount of generalization, which, while possibly and even in many cases probably true, was not justified by the published data.

This present work is of an entirely different character. Entirely devoid of all social philosophy, it is content merely to offer a detailed description of the population of Baden, as it exists, based upon the examination of about thirty thousand military recruits. As such, it undoubtedly stands foremost among the half dozen works of this class which deal with the peoples of Europe. Even greater praise may be accorded it, for in one most important respect it is the most complete study of the kind extant. Most observers have been obliged to content themselves with observations of a single trait, such as stature, pigmentation or head-form, but Ammon has done vastly more. He has studied the people of Baden, not from the standpoint of isolated physical *traits* alone, but he has examined the population as composed of *individuals*. In other words, he has investigated as to all possible combinations of traits. We may thus know whether the tallest men betray a tendency to blondness or not, whether the long-headed individuals are characteristically tall, and so on. Moreover, this varied population is then studied in every phase of its geographical, geological and climatic distribution, and of its social character, as divided into rural, semi-urban or urban, upper or lower classes, and the like. The outcome of such an analysis is a reservoir of material for social investigation of inestimable value. When we shall possess for all Europe an equally comprehensive and exact knowledge of the population, upon which to superpose the social data already at our disposition, both physical and sociological science will have taken great strides forward.

[1] *Cf.* Kuczynski, Der Zug nach der Stadt (Münchener volkswirthschaftliche Studien, No. XXIV, Stuttgart, 1897); and a review by Achille Loria, translated in the *American Anthropologist*, N.S., I (1899), 283–296.

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As for the anthropo-sociological conclusions to be drawn from this work, we may merely refer to the problems of social selection that are presented by the contrasts of city and country populations. If such a social selection is indeed taking place, is it a question of segregation of the tall blond and long-headed Teutonic racial type in the cities, as has often been asserted, or is the process more complex? Primarily, the increasing long-headedness in series of rural, semi-urban and urban populations is clearly emphasized, as in Ammon's earliest investigation of 1890. That this contrast between city and country, however real for the Alpine regions of Central Europe, cannot be generalized for the whole continent the reviewer still maintains; and his early contention in this respect [1] seems to be sustained by the latest study of English populations by Muffang.[2] As for the pigmentation, a tendency to a cross-type, on the whole rather darker in city than country, is indicated. Respecting stature, the facts adduced by Ammon (p. 424) seem to bear out our theory that a differentiation of population into the tall and the short is incidental to the social selection of city life. For in Baden the cities, despite their relative smallness, certainly contain more very tall men, and at the same time more defective individuals, than are found in the country at large.

To realize the vast amount of statistical labor involved in a work of this kind, not to speak of the mere physical exertion of taking the multitudinous measurements upon so many men, one must examine this ponderous volume in detail. The colored maps, too, illustrating the distribution of traits and types, are excellent. Ammon has rendered a double service to science. He has, one might almost say, completed the task of the physical anthropologist begun by Ecker years ago, so far as Baden is concerned. More than this, he has given us a model research, fully rounded out in every particular, which contemporary Germany may contemplate with profit; since science knows less of the rest of the German nation, physically, than of any other people of Europe — not even excepting Russia. For this militarism is responsible. The army is denied for research. May this proof of the value of such work open the way to a more liberal and more civilized policy toward the science of physical anthropology in the other states of the Empire!

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[1] Publications American Statistical Association, V (1896), 18–40.

[2] *L'Anthropologie*, IX (1898), 21–41.

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Women and Economics: A Study of the Economic Relation between Men and Women as a Factor in Social Evolution. By CHARLOTTE PERKINS STETSON. Boston, Small, Maynard & Co., 1898.—340 pp.

Students of present social problems who are in no sense disciples of Fabian socialism have none the less learned to look to the Fabians for keen, vigorous and stimulating criticisms of modern economic conditions. Mrs. Stetson is typically Fabian, in the suppression of her definite socialistic ideas while discussing a particular subject, in the freshness of her thought and in the interest of her style. As a result, her book will be widely read and discussed, as the cleverest, fairest and most forcible presentation of the views of the rapidly increasing group of people who look with favor upon the extension of the industrial employment of women.

The problem of method, on its formal side, is one that Mrs. Stetson has failed to master, and the whole work suffers in consequence. The main title is ambiguous; a table of contents and headings of chapters are entirely wanting; while the page headings, not grouped in any more general classification, are a mere mass of disconnected phrases, without unity or sequence. In the second edition an index is added, but this is extensive rather than discriminating. The central thought of the book is the advantage to the individual and to society of the economic independence of women. It is claimed that, while formerly the economic dependence of the woman upon the man was racially beneficial, through intensifying his incentives to effort, the need of such pressure is now past, and the relation is productive only of evil, increasing abnormally the difference between the sexes and hampering industrial and social progress. Mrs. Stetson brings a sweeping indictment against the economically dependent woman, as housekeeper, mother, wife and member of society. She holds that, in the performance of each of these functions, far better physical, intellectual and moral results would be attained by the organization of the primitive home industries of cooking, cleaning and the care of young children, and by the direct employment of all women in some specific form of social service for which they would be personally remunerated, rather than in generalized home work. Women, in thus coming into direct economic relation with society, would, she contends, become more human and less feminine, and the change would react beneficially upon all their specific activities.

The chief value of Mrs. Stetson's book is to be found in her suggestive analysis of the evils of present family and social life, which

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she traces mainly to the "sexuo-economic relation," rather than in her historical and constructive work. There are no facts, however, more easily juggled with than those of general observation, and one must walk circumspectly when in the realm of a writer's favorite hypothesis. We realize this danger even more fully when we pass from Mrs. Stetson's critical treatment of her subject to her prophetic utterances. In describing the results to be attained through the employment of women in the interests of society, rather than of the family, she has outlined broadly the desirable ends, and has ignored the difficulties which our initial experiments in that direction are making only too evident. The future so glowingly described — the workshops "homelike and beautiful," the disappearance of materialism and selfishness — may come, and come as a result of woman's economic independence; but only a careful analysis of the actual effects of the presence of women in our daily industrial life can be made the basis of confidence in the rosy prophecy; and such a study Mrs. Stetson has failed to give us.

MABEL HURD.

COLUMBIA UNIVERSITY.

Die Sociale Frage im Lichte der Philosophie. Vorlesungen über Socialphilosophie und ihre Geschichte. Von DR. LUDWIG STEIN, Ord. Professor der Philosophie an der Universität Bern. Stuttgart, Ferdinand Encke, 1897. — xx, 791 pp.

While the men engaged in most other departments of human activity — politics, religion, physical science, art — have felt themselves drawn in various ways to the consideration of "the social question," philosophers, so Dr. Stein laments, have hitherto given it hardly any attention. This may be true of the professional teaching of philosophy in Germany in recent years, but one would hardly have supposed it true of philosophers generally. Yet this is Dr. Stein's belief; and he has set himself to repair the defect in a ponderous volume of eight hundred pages. It cannot, however, be said that the light of philosophy, as it is here handled, is particularly illuminating. Our author combines the proverbial *Citatengelehrsamkeit* of his nation (for, though he holds a chair at a Swiss university, he is thoroughly German in training) with the journalistic knack of easy writing; and the Teutonic wealth of abstract language lends a pleasing air of profundity. But the more one penetrates into the volume, the more one feels its shallowness, its want of originality, its wordiness. The audience which listened to it in the form of lectures doubt-

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less got a good deal out of it. They probably knew nothing about the subject beforehand; and if they came away with a feeling that after all there might be a reasonable element in "socialism," and that the right of every man to do what he liked with his own was not quite so clear as they had supposed, the lectures were not given in vain. With the exception of an occasional piece of unnecessary pedantry (such as the unexplained reference to the Weber-Fechner law on p. 46), they may be described as good "university-extension" lectures. They abound in those optimistic commonplaces which are so encouraging and so restful to the brain of the popular audience. One instance will suffice. "What is logically correct and sociologically practicable among the demands of Socialism — but only that — will be accomplished in time" (p. 103). But not every good popular lecture is worth printing. To the serious student the book is ineffably wearisome — the more so for its author's obvious enthusiasm and energy. The careful reader may pick up some miscellaneous suggestions from it; but its chief value will probably be found in the bibliographical indications. Dr. Stein does not, however, always know even the most considerable books on his subject; for neither Bonar's *Philosophy and Political Economy* nor Ritchie's *Natural Rights* has come within his ken; but his notes are rich in references to the most out-of-the-way German articles and dissertations.

The first four introductory lectures sufficiently illustrate the want of thoroughness which characterizes the book. One is entitled "The Present Position of Sociology"; but it tells us no more than this, that in various countries a good many books (all named and assigned to their several authors) are just now being produced which call themselves "sociological." What sort of thing the term "sociology" has been used to designate, the reader would never gather; for all he is told to the contrary, Comte and Spencer and Giddings and Gumplowicz might all have meant the same thing by it. Then follows a chapter called "Plan and Method of the Philosophical Treatment of the Social Question." The problem at bottom, says Dr. Stein, is that of the forms and conditions of human association. And this, if you only take the trouble to go deep enough, as he pompously remarks ("*sofern man sich in die letzten Tiefen versenken will*"), has three sides: its origin, its historical development, its present position. Will it be believed that Dr. Stein here pauses to explain, to the extent of a page, that this threefold division of his does not correspond to the Hegelian thesis, antithesis, synthesis? No intelligent person could suppose it did; and the only possible use of the

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explanation is to make his readers aware that he is on easy terms with Hegel.

The three main sections into which the treatise falls are supposed to correspond to the threefold division just announced. The first discusses the early forms of community and social life. It shows a wide range of reading, though not without some strange misconceptions — as where he speaks of Hildebrand "taking up again the position of Fustel de Coulanges, which science has abandoned." As science has, unfortunately, never yet taken up Fustel's position, it can hardly have abandoned it. But the section as a whole is singularly resultless, so far as the social question is concerned: the possible implications of the history of the growth of property-rights could have been stated in half a dozen pages. The second section is not a history of the development of social organization, as Dr. Stein's programme leads us to expect, but "a sketch of the history of social philosophy." This may be useful, but it displays very little originality; and by the very abundance of its observations it fails to leave any large ideas in the mind. Much of the material brought together has the most indirect bearing on the social question; and throughout we miss — what is so necessary for a fruitful study of this kind — a living perception of the actual conditions in the midst of which social philosophers did their work. Certainly a most important, if not the fundamental, question about Plato, Aristotle, Aquinas and other writers is this: How far did their teaching stand in a real relation to surrounding life, either as outcome or as protest, and how far was it merely an artistic or dogmatic creation in the air? Towards answering such questions Dr. Stein gives us no help. Finally, the third section presents us with "The Outlines of a System of Social Philosophy." Here what may be called "the higher commonplace" reaches its climax. To the present reviewer most of it seems true enough; but it does n't carry one any further. A glittering generality — such as, "It is the state alone that can harmonize the interests of the individual and the species"; or, to take another example, "My ideal is a composite form of property which shall combine the advantages of private and collective ownership" — is of very little use, unless some hint is given of the way in which the harmony or the composition is to be effected.

I would not say that Dr. Stein's book shows how little light philosophy can throw on economic problems; though that may have been the conclusion of some of his hearers who followed him to the end. So large a platform is laid and so little is built upon it! What phi-

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losophy can do is to get rid of the prepossessions which beset most of those who approach economic questions, and so clear the ground for those arguments of social expediency by which alone they can be determined. But this is not the book to do it.

W. J. ASHLEY.

HARVARD UNIVERSITY.

La Costituzione economica odierna. By ACHILLE LORIA. Turin, Fratelli Bocca, 1899. — 822 pp.

In essential doctrine this last volume of Loria's offers little which will be new to those familiar with his preceding works or with the summaries of his views presented in this QUARTERLY by Andrews (V, 717–719), by Rabbeno (VII, 258–293), and by Seligman (VIII, 751–753). Only in this *Economic System of To-day* the writer's point of view is different; for here the effort is to explain the fundamental laws of the distribution of wealth, instead of any special aspect of economics — such as population, rent, capital or money. The labor impresses one as having been undertaken largely to call afresh the attention of the economic public to Loria's characteristic idea, the dependence of social well-being and of all the main economic phenomena of all times on men's relation to the land. This basal view is strikingly like that of Henry George's *Progress and Poverty*, published almost simultaneously with Loria's *Land Rent;* though, according to Rabbeno, — who is undoubtedly right, — there is no reason to suppose that, when he wrote his *Land Rent*, Loria was acquainted with *Progress and Poverty*. And so late as 1890, when the reviewer spoke to Henry George of Loria's main thought and its remarkable coincidence with that of *Progress and Poverty*, George said that he had not heard of the Italian but would be glad to "look him up."

The Economic System of To-day goes further than any of Loria's previous writings toward depicting the complete historical cycle presupposed by his theory, from free land round to free land again — a cycle during which rent, wages, profits and ever so many allied phenomena, usually reasoned upon as permanent, rise and disappear. Originally all land was free and all men were free laborers. As private property in land came in, capitalism came in with it, involving, first slavery, then serfdom, then the wage system under the "iron law." Meantime developed the antagonism between profits and rent, which will wax hotter and hotter, till the capitalist, yielding to the demands of the laborer and entering into an alliance with him, shall wrest away the landlord's tenure and make all land free.

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The new work, like the others, is difficult reading. It displays the same severe method of economic reasoning and the same astonishingly wide acquaintance with economic literature observable in Loria's preceding treatises. The writer has mastered, not only the standard authors, but as well every fugitive treatise and the most recondite government reports bearing on his theme. He lays under tribute alike the old writers and the most recent, the orthodox and the heterodox. He makes great use of statistics, often expounds by mathematical illustrations, summarizes little and demands the reader's closest application; and the only relief — none too frequent — is the recurrence of references to concrete economic conditions in the various nations of mankind.

The first chapter deals with the economic system when land is free and rent does not exist; and the second with the system when land has become private property and the product of labor is divided first into wages and rent and then into wages, profits and rent. Here the author essays to explain the rise of "normal" wages, which assures the landowner the greatest rent, and the systematic and then the automatic formation of excess capital.

In Chapter II emerges Loria's doctrine of "monopoly" rent, or what Rodbertus denominates "absolute" rent, which arises when all land is privately possessed, varying in many characteristics from "differential" or Ricardian rent, the rise of which does not await the general appropriation of land. Further, in this chapter Loria works out his theses that, whereas, when the whole product of labor goes to labor, capital and labor employ themselves so as to bring forth the maximum possible product; on the other hand, (1) when the product comes to be divided into wages and profits, profits reaches its maximum by means which render the total product less than the possible maximum; and (2) when the product breaks up into wages, profits and rent, rent in like manner reaches its maximum by means which render the total production less than it might be. Loria thinks he demolishes three doctrines touching wages: first, that normal wages is starvation wages; second, that wages is commensurate with the product of labor; and, third, that wages must in some way conform to the laborer's standard of living. The rise of wages in recent times he does not causally associate with "great industry," which for a long time did not elevate wages, or with any lessening of profits, or with any rise in profits. He says:

The rise of wages cannot permanently raise profits, unless it is rendered compatible with the persistence of profits by *the exclusive appropriation*

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of the soil, which alone redeems the laboring class and the entire social organism from the yoke of minimal wages, as the total appropriation of the fertile lands has already redeemed it from the yoke of slavery.

The third chapter considers the persistence of exclusive property in land, by means of the overvaluation of land. In this new presentation of Loria's theory the overvaluation of land holds a conspicuous place. It is perhaps the only fresh notion of any consequence which the presentation contains. The thought is that, as soon as all land is taken up so that monopoly rent prevails, there is no longer the old ability to cling to land, and therefore the sale of land becomes vastly more common. To check this tendency and keep the laboring class from land proprietorship, the landowning class resort to a variety of devices. Among other things, numerous legal difficulties are invented, making the transfer of land a costly process. As these means are not permanently efficacious, recourse is had to the sweeping overvaluation of land, keeping it beyond the reach of the poor. Incidentally, this preserves alive for the capitalist the category of profits. The profit-taker and the rent-taker are at this stage firm allies, not yet aware of the relentless diremption which the system has in store for them.

Chapter IV treats of the economic dynamics proceeding from the progressive overvaluation of land. This process renders labor in part more productive, in part less so, somewhat according to the natural fertility of the soil. The density of the population has some effect, as has the greater or smaller supply of capital. Nations and localities differ in the degree of overvaluation, yet it everywhere continues to increase till a certain level is reached, varying with localities and conditions. This level is that of the tolerance of the rent market. Proprietors themselves do not wish land values to go higher, when an elevation would lower their total income from rent. But it is not the landlords alone who work against too great overvaluation. Capitalists now join in the reaction, which they aid not only directly, but by many indirect methods, such as the employment of women and children, the intensification of labor, the lengthening of the labor day, the better utilization of the land employed, and so on.

The subject of Chapter V is economic disintegration, proceeding from the overvaluation of land; and that of Chapter VI, the final chapter, is economic revolution, following the cessation of the overvaluation of land. Under the load of rent and mortgage debt capitalistic undertakings break down, leading to universal business depression, against which capitalists and laborers struggle in vain.

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Made aware at last that they are naturally not enemies, but the joint victims of landowners, for whose profit and delectation they have broken each other's heads long enough, they little by little unite their forces in the work of "eliding" rent and forming free land-cultivating associations or "proletariat undertakings," which become the dominant order of the good new time. Thus the overvaluation of land helps abolish rent, just as the overvaluation of slaves in the United States — about which Loria's last chapter gives interesting data — powerfully aided in the abolition of slavery.

As the revolution which destroyed the slave system was from beginning to end a capitalist revolution, unfolding itself in the domain of profits, the revolution which is to annul the economic system of to-day will have to be of an anti-capitalist character, inasmuch as it will have to annul forever the robbery of labor by the aid of capital and the very existence of a return for ownership. This tragic event, to which capitalist ownership in our days tends, reveals how, far from being a spontaneous product of nature, such ownership is essentially artificial, imposed by historical conditions of population and territory. . . . Such an event sets forth the profound truth, as applied to capitalist property, of Proudhon's aphorism that property is impossible, being an institution intrinsically contradictory, truly containing in itself the germs of its destruction, the very processes necessary to assure its life decreeing at a given instant its death. Finally, such an event irrefragably proves the absurdity of the charge which the capitalist classes or their advocates fling at "revolutionary science," taxing it with wishing to set aside a society spontaneously constituted for one founded on artifice. This charge can be victoriously maintained against the very parties who invented it. . . . Not the indefatigable seekers of new theories but capitalist society is the true author of Utopian economics, the assiduous servant of artifice, the tenacious rebel against nature's normal creations. . . . The grand solvent of social antinomies is not the free reason of man, but the necessary evolution of economic relations; which evolution, by its own mysterious processes, succeeds in demolishing the edifice of infamy which the ages have built up, and upon its ruins erects for weary mankind a new world of justice and peace.

In general criticism of Loria's system there is little to add to Rabbeno's excellent review at the close of his article in Vol. VII of this QUARTERLY. The great value of Loria's contribution to economic science is his demonstration of the vital part played in human history by men's relation to the land. This, his central thesis, may be said to have been pretty successfully made out, and his work upon it entitles him to a permanent and high place among economic thinkers. But that men's relation to the land takes effect in the pre-

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cise ways figured out by Loria is far less clear, despite the mass of apparent evidence with which he seeks to substantiate his analyses. At many points his argument is desperately vague, saluting the reader's mind with a wavering image in place of a thought. How, for instance, the overvaluation of land, the process so dwelt upon in this last treatise, can bring to pass the exact results which Loria ascribes to it, the reviewer, after reading and re-reading the lengthy chapters devoted to the subject, quite fails to make out. But the worst case of the wavering image is Loria's account of the re-origination of free land, after capitalism has had its day and passed away. Here the author contrasts unfavorably with Henry George, whose plan for nationalizing the land through taxation, faulty as many may think it, is reason itself compared with the method by which Loria expects to see the same end effected. Lastly, supposing that the free-land millennium is attainable by the path which the author sees open, he ascribes to that economic stage of human history a static character, a finality, which is in entire disaccord with the dynamic thought of society advocated, or rather presupposed, by him everywhere else.

E. BENJ. ANDREWS.

CHICAGO, ILL.

The Economic Writings of Sir William Petty; together with the *Observations upon the Bills of Mortality*, more probably by CAPTAIN JOHN GRAUNT. Edited by Charles Henry Hull, Ph.D., Cambridge, University Press, 1899.—2 vols., xci, 700 pp.

Students of the history of economics have long been aware that a comprehensive edition of the writings of Sir William Petty was being prepared by Professor Hull of Cornell University; and the preliminary steps, in the shape of magazine articles and trial lists of bibliography, led them to expect a thoroughgoing piece of work. In this they have not been disappointed; for we now have the first authoritative — and, it may be said, the definitive — edition of the collected essays in economics of one among the two or three really important writers of the seventeenth century.

The work is prefaced by a series of introductions, one of which is devoted to a survey of Petty's life. This, as was to be expected, adds but little to the recent work of Fitzmaurice. Another section of the introduction deals with the life of Graunt and the question of his authorship of the "Natural and Political Observations upon the Bills of Mortality." This tract is printed in the volume, although

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Professor Hull is careful to point out that it is not to be ascribed to Petty. The remaining sections of the introduction deal with Petty's letters and other manuscripts, Petty's economic writings in general and the bills of mortality. The body of the work is taken up with a reprint of the various essays. In each case the editor contributes a note, chiefly of a bibliographical character, on the monograph in question. The editorial footnotes are sparing, but almost always to the point, and testify to the wide acquaintance of the editor with the economic literature of the seventeenth and eighteenth centuries. An elaborate bibliography of the printed writings of Petty covers over twenty pages. The work closes with a list of books and manuscripts used, together with an exceedingly full index. The volumes are beautifully printed, are well made, and will prove a welcome addition to the working library of every economist.

E. R. A. SELIGMAN.

Municipal Monopolies. Edited by EDWARD W. BEMIS. New York, T. Y. Crowell & Co., 1899. — vii, 691 pp.

This is a collection of nine essays on various problems of municipal monopolies, four of which are contributed by the editor, Professor Bemis, two by Professor Parsons, and one each by Professor Commons, Dr. West and Mr. Baker. No attempt has been made to secure unity of treatment, or any appearance of proportion, in the discussion of the different topics. For example, two hundred and fifty pages are devoted to municipal electric lighting and only eighty pages to the problem of street railways; while the method employed in one essay is elaborately statistical and in others chiefly narrative. This gives to the book an unfortunate appearance of loose construction, which is all the more to be regretted because of the genuine merit of the work. In many cases the material is not new; but a great deal of matter has been brought within convenient compass, and the book is a valuable and welcome addition to the discussion of the most important problem of modern municipal government — for certainly the removal of the abuses and corruption connected with the control of municipal franchises deserves this name. Despite the difficulties of this problem, much light has been shed upon it in recent years. The old-fashioned sweeping opposition to the entry of the government into any industry has passed away, and at the same time blind faith in municipal ownership as a panacea has largely disappeared. It is now seen that the method of ownership or control forms a different problem for each city and each industry, and that

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the local factors vary so greatly that no single rule of action can be applied. The authors of the present volume, though leaning strongly to a belief in municipal ownership, have, in the main, adopted a moderate tone not inconsistent with this point of view.

The first essay deals with the subject of waterworks and is written by Mr. M. N. Baker. The author gives a brief history of the growth of public ownership, to the point where now more than half the waterworks of the country are owned by the cities themselves, and a fair-minded discussion of the general questions involved. The second essay on electric lighting, by Professor Commons, much of which was already familiar to the public, is of a very different nature. It is the most ambitious of all the essays in the book and aims at an exhaustive statistical treatment of the accounts of a large number of municipal and private electric-light plants, with a view to showing mathematically the advantages of public over private ownership. It is impossible to give in this place full consideration to so elaborate an attempt; but, despite the credit due the author for his perseverance and pains, it is difficult to believe that such a statistical comparison can prove anything but a failure. In the first place, there is no uniform system of accounts among different companies; and, in the second place, as both private companies and public officials are capable of deliberate deception in book-keeping, unexamined official accounts afford no basis for comparison. It becomes necessary, then, to make such corrections as will secure uniformity of statement — a task which Professor Commons has in many cases undertaken. But when this is attempted, a multitude of factors which require both a knowledge of the local conditions and an expert knowledge of the lighting business demand attention. The author has entered a field into which neither the general reader nor the trained economist, but only the electrical expert, can follow him. He himself severely criticises the figures of Francisco and Foster, while his own corrections have been criticised in turn. There is no conviction to be derived from figures which the reader cannot test; nor is it to be hoped that statistical averages and comparisons will ever be available for the proof of a general proposition regarding public ownership of gas or electric-light plants. Even the elaborate effort being made under the direction of Colonel Wright is likely to prove a disappointment, because of the impossibility of equalizing local factors. To attempt to solve the question after this manner, is to start out with the wrong aim. The painstaking care of Professor Commons

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is, however, entitled to praise, and many of his figures are interesting, while the general conclusion of one who has given the problem so much attention is itself entitled to some weight. The same criticism is applicable, in less degree, to Professor Bemis's discussion of the latest electric-light reports, where again many valuable statistics are given. An appendix to this essay suggests the relative economy of human energy as the true basis for comparison of electric-light statistics; but where the private ownership of a franchise is the source of large private profits, the engineering question of comparative effort is, for the moment, unimportant as compared with the question of comparative charges.

Professor Parsons furnishes a brief essay on the legal aspects of monopoly, and an interesting comparison of the telephone service and charges of different countries and cities, which is not likely to remove the popular impression that the charges of our own telephone monopolies are exorbitant. Dr. West's article on municipal franchises in New York is admirable; and this, with Professor Bemis's two essays on gas and street railways, deserves more comment than can be given in a brief review. The final essay is a summary of the views of the editor on the general problems of ownership and control.

The book leaves no impression of finality, and will not convince many persons of the desirability of public ownership, as opposed to public control, though some of the arguments are presented with great force. This, however, is of slight importance, in comparison with the valuable service the book will render in increasing the body of public sentiment against any further abuse of the rights of the inhabitants of our large cities in the granting of franchises. Professor Bemis recognizes that this educational process will be gradual and that persistent and public-spirited effort will long be necessary, whatever method of reform is to be adopted. Any difference of opinion regarding the ultimate solution of the question should not interfere with the united action of all public-spirited men in taking the preliminary steps.

H. C. EMERY.

BOWDOIN COLLEGE.

The Principles of the Law of Public Corporations. By CHARLES B. ELLIOTT, Ph.D., LL.D., Judge of the District Court of Minnesota. Chicago, Callaghan & Co., 1898. — lxxxiii, 364 pp.

Students of the law of public, and particularly of municipal, corporations in the United States have long felt the need of a work

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which, while giving the existing law in considerable detail, should at the same time be devoted mainly to a consideration of those general principles, a knowledge of which is necessary to a comprehension of our municipal institutions. The practicing lawyer has for many years had his Dillon; and now the student of municipal government has the satisfaction of knowing that he, too, has been provided for.

Judge Elliott's work is characterized both by thorough legal knowledge — an acquaintance with all the important decisions — and by the ability to see that what may be the actual law in this country is not in all cases the proper basis for a sound municipal system. He has also made more of a study of the history of English and American local institutions than is usually the case with American authors writing books to be bound in sheep, and hence to occupy a place on the shelves of distinctively law libraries. Judge Elliott has chosen as his subject "public," rather than "municipal," corporations, and on that account has treated not merely of cities, but also of all other public corporations. Inasmuch as almost all our local areas are at the present time incorporated, his work really deals with the law of American local government, so far as that is found in the reported decisions of the courts.

The arrangement of the material is, as a rule, happy; although it may be doubted whether Book III, on "The Mode and Agencies of Corporate Action," might not more logically have preceded than followed Book II, on "The Powers of Public Corporations." It is also to be regretted that comparatively little attention has been given to the problems of municipal organization, considered from the theoretical point of view. Perhaps, however, such a complaint is ungracious, inasmuch as the purpose of the work is distinctly and avowedly legal.

F. J. GOODNOW.

La Conception juridique de l'état. Par X. S. COMBOTHECRA. Paris, Librairie de la Société du Recueil Général des Lois (L. Larose, Directeur), 1899. — 185 pp.

This is a clean-cut, closely reasoned presentation of the idea of the state from the juristic point of view. It is a work of science, in the purest sense of the word, and for the most part of exact science. No effort is wasted in appeals to the æsthetic faculty of the reader; the intellect alone is called into play by the book, and in some parts the play has to be of an extremely active type, in order to follow the author. The general style of the work suggests that of Hobbes in the *Leviathan*, where chapter after chapter of sheer definition car-

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ries the reader in spite of himself to the author's goal. M. Combothecra's field is, however, very limited; and this fact, together with the juristic and legal trend of all his thoughts, gives to his treatment in many places the general character of a lawyer's brief.

After an analysis of all the various concepts related to his purpose, the author formulates his definition of the state as follows:

L'état est une collectivité d'êtres humains établis pour une certaine durée dans un territoire déterminé, avec des ressources (capital ou budget) plus ou moins importantes, unis volontairement en activité coopérative constante, sous une direction médiate ou immédiate (gouvernement), en vue d'un but multiple et soutenus contre les récalcitrants du dedans le mieux du monde, conformément a la volonté de leur ensemble (volonté générale), par une force suprême matérielle émergeant de leur milieu et les rendant un tout, capable de droits et d'obligations, qui n'est vis-à-vis du dehors qu'une simple entité plus ou moins puissante.

Summed up in technical terms, all this means merely, the author says, that the state is "a sovereign collective person (*une personne collective souveraine*)." The long sequence of clauses above constitute the explication of the three terms in this condensed phrase.

In narrowing down, by a process of exclusion, the essence of the state to this purely juristic conception the author touches critically upon various points in the general philosophy of the subject. He displays little sympathy with the tendency manifested by some thinkers to differentiate state from society and to assign to the latter, with a capital S, the ultimate dignity in the philosophy of humanity. The state, he lays down, is not only a society, but the most perfect society. The state is, therefore, the highest subject of thought, and other forms of society are only incidental (pp. 48, 49).

The familiar question, as to whether the state is an organism, is also discussed by M. Combothecra, and with some degree of warmth. A lawyer's views on this point are always entertaining, for they are generally determined at the outset by a feeling of repulsion in the legal mind for the rather hazy and analogical character of the argument by which the theory of organism is sustained. M. Combothecra attacks the subject with the precision of a mathematical demonstration and has no difficulty in concluding that in neither a literal nor a metaphorical sense can the term "organism" be applied to the state. His summary of the arguments for what he calls the theory of hybrid organism is characteristic:

L'état nous apparait comme un organisme vivant tantôt spontané, tantôt instinctif et tantôt conscient. Une volonté générale quoiqu' indivisible loge

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ses parcelles non détachées dans les individus qui restent tels tout en fusionnant en communauté étatique organique. Quoiqu' inhérente à l'organisme étatique la volonté générale se manifeste concurremment avec les volontés individuelles qui subsistent tout de même et ne disparaissent pas. Forces d'individualité et de sociabilité se rencontrent, se choquent sans s'anéantir. État et individu sont, selon tel ou tel point de vue, tantôt des pluralités, tantôt des unités ou les deux à la fois. Et l'intussusception [a doctrine of Gareis] ou pénétration achève la confusion.

While the author rejects categorically the conception of the state as an organism, he as precisely maintains that the state is a person — and a real, not a fictitious, person. "L'état est une personne réelle et non fictive" (p. 89). This conclusion is deduced logically from the definition of person, which is in the narrowest sense juristic: "La personne, c'est une être capable de droits et d'obligations" (p. 68). On the basis of this definition, the demonstration is not difficult; but to the supporters of the organic conception M. Combothecra's argument will furnish quite as much amazement and amusement as he derives from theirs. A few of the attributes which he ascribes to the state as person are indicated in these adjectives: humaine, mi-naturelle, morale, publique. It has a will that is "soit objective, simple ou collective, soit mi-subjective collective." The will is of the last type when it has its source "dans un corps maître-sujet + organe qui est une multitude. L'état alors est démocratique." And we are told later that "le maître-sujet + destinataire-destinateur peut s'appeler peuple," while "le maître-sujet + organe peut s'appeler gouvernement populaire ou peuple autogouverné."

It is only just to say that the formidable terminology of the author is quite intelligible to one who studies long enough on his preliminary definitions. But it is questionable whether the advantage of being able to refer to the state as a person is worth the trouble of learning all the formulas which he devises to describe the essence of personality.

M. Combothecra's theory as to sovereignty and his doctrine as to the federal state are, on the whole, clear and satisfactory. Divided sovereignty he will not hear of; and hence he admits no conception of a state halfway between a unitary state and a confederation of states. The essential element of sovereignty he places in the will, and is Austinian in his analysis on this point. But he will not allow himself to be led into Rousseau's conception of "*volonté générale*" as distinct from the "*volonté de tous.*" The state, he

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says, is not a unity distinct from the sum of the individuals that compose it, and the will of the state is always, in fact, the "*ensemble*" of the individual wills. To an act of the individual will the very existence of the state must be traced. He has no patience with the assertion, "reiterated to satiety," that history affords no example of a state constituted by formal agreement. "Yet Athens, under Theseus, and Rome, under Romulus, were established in no other way," and in our days a conspicuous case is that of Pennsylvania under William Penn! The citation of these examples throws a queer light upon M. Combothecra's conception of history.

WM. A. DUNNING.

The Lesson of Popular Government. By GAMALIEL BRADFORD. New York and London, The Macmillan Company, 1899.—2 vols., 520, 590 pp.

When Mr. Gamaliel Bradford writes about "The Lesson of Popular Government," whether in a letter to *The Nation* or in two volumes of 1110 pages in all, it needs no microscopic search to discover what the lesson is. Mr. Bradford is that most estimable and most useful of citizens, a man with a hobby. His hobby is the development of the influence of personality in government, through the participation of executive officials in the work of legislation. This, he thinks, would purify our politics and substitute intelligent system for chaos in the conduct of government.

There are two classes of writers on the alleged failure of democracy in this country: those who have no sympathy with the democratic ideal and who believe that the evils which have become manifest are inherent in popular government itself; and those who believe that democracy has never had a fair trial and that the evils laid to its charge are the results of defective institutions for which democratic principles are in no way responsible. Mr. Bradford belongs to the latter class; and his purpose is, not to devise means of checking popular rule, but to find a method by which the desires of the people may be intelligently formulated and effectively carried out.

Before speaking of the very decided merits of this book, it may be well to mention some of its defects. In construction it is by no means a work of art. Too prolonged study of the *Congressional Record* has accustomed Mr. Bradford to that style of composition which consists in inserting huge blocks of scissored material from other writers into his text and then commenting upon them. At a

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moderate estimate, one-half of his entire work consists of these patches. This is book-making, not book-writing. Care in condensation would have reduced these two volumes to one, with great advantage to the propaganda the author has at heart. Mr. Bradford's method is also ill-adapted to his purpose in another respect. His object is to convince as many people as possible that the changes he advocates in the machinery of government would have good effects. To this end, it would naturally appear politic for him to select such illustrations as would appeal to all good citizens alike — such, for instance, as relate to honesty, efficiency and economy of administration, and the orderly and consistent conduct of legislation. He has preferred, however, to lay especial stress upon matters of policy, in which the course of the government has differed from that which he would have followed if he had been in charge of affairs. If there be any citizens whose views upon the Venezuelan dispute, the Spanish war and other points of recent politics differ from those of Mr. Bradford, — and there is reason to believe that such persons exist, — it is plain that, so far as they are concerned, the effect of his illustrations must be the reverse of that intended.

Apparently suspecting something of the sort, Mr. Bradford has sought to disarm opposition by defending each illustration in a brief explanatory essay. Congress has mismanaged our monetary system — treatise on the principles of currency and finance. We had no business to interfere with England in South America — treatise on the Venezuelan question and the Monroe doctrine. We should not have driven Spain out of Cuba — treatise on the origin of the Spanish war. It can hardly be expected that persons who have reached matured convictions on matters of national policy will have them altered by casual chapters of this sort; and as these digressions break the thread of Mr. Bradford's main argument, they might well have been omitted.

It might be wished, too, that Mr. Bradford could have been a little more careful in his statements of fact. If a poet had occasion to speak of the pension expenditures, it might be permissible for him to say that "not one dollar of this golden shower descended upon the seceding States"; but the fact that in the fiscal year 1898 the formerly seceding States had 72,065 pensioners, drawing over $9,000,000, should be sufficient to cause some modification of the statement in a scientific work. A similar tendency to unqualified assertions, where the facts would call for something more guarded, is noticeable in many other places.

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Having said this much in criticism, it is a pleasure to note the conspicuous merits of the book. Mr. Bradford has put the thought of half a lifetime into this work, and the power of sincere conviction is manifest through it all. His defense of democracy is extremely forcible; and his historical sketch of the development of methods of government in Great Britain, France and the United States is interesting and useful. Many of his observations upon the details of our present political machinery are very just. His condemnation of plurality elections, for instance, is none too severe. It is not necessary to accept Mr. Bradford's thesis, that personality is the only thing of which the people are qualified to judge and that the consideration of measures is beyond their capacity, in order to admit that he has made out a good case for his plan of creating executive hierarchies — national, state and municipal — and giving the heads of departments seats, without votes, in the corresponding legislative bodies. The plan would not be a panacea, as he thinks it would be; it would not insure the responsibility of the executive to the people, as he thinks it would; and it would not render other improvements in government unnecessary; but there is good reason to believe that it would be a step in advance.

SAMUEL E. MOFFETT.

NEW YORK CITY.

The Break-up of China. By LORD CHARLES BERESFORD. New York and London, Harper & Brothers, 1899. — xxi, 491 pp.

Japan in Transition. By STAFFORD RANSOME. New York and London, Harper & Brothers, 1899. — xvi, 261 pp.

Lord Charles Beresford's book should be read by every one who desires to obtain an intelligent view of the present situation in China, not only in respect of trade and commerce, but also in respect of the position and influence of the various foreign powers concerned in the fate of that empire. He went to China, not as an emissary of the British government, but as the representative of the Associated Chambers of Commerce of Great Britain, arriving at Hong Kong September 30, 1898, and leaving Shanghai January 9, 1899. In the mean time he visited those places in China where British communities reside; and, wherever there was a chamber of commerce, he convened meetings, obtained the opinions of the members and received such resolutions as were adopted. He also inspected, with minor exceptions, the whole military force of China, and by permission of the generals put the troops through various movements, in

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order to ascertain their efficiency. He also visited every fort, every arsenal, with one exception, and all the military and naval schools, as well as the ships of the Peyang and Nanyang squadrons, and the one dockyard. At Peking he was twice received by the Tsung-li Yamen, and visited Prince Chung and Li Hung Chang. He also visited six of the eight viceroys of the great provinces. On all these matters he made reports, which are embodied in the book before us. His mission, though intended to be essentially commercial, often ran athwart political issues, for the reason that in China commercial and political questions have for many years been so diligently interwoven that they have now become inseparable. But, whether his subject is trade or politics, and whether it deals with figures or with general principles, he has the faculty of making it clear and attractive. The value of the book is enhanced by two maps, one representing the Empire of China — its chief navigable waterways, its frontiers, imperial and provincial, and to a certain extent its sources of supply of foreign goods; and the other showing areas and population, railways (open, building, surveyed or proposed) and the treaty ports.

Lord Beresford, as is well known by his speeches in this country, is an advocate of the policy of the "open door" in China and, as the necessary condition of that policy, of the maintenance of the integrity of the Chinese Empire. In a certain sense, therefore, the title of his book is apparently misleading; since it seems to be anticipatory of the end which he seeks to prevent and hopes to see prevented, chiefly through the united action of the powers, and especially through that of Great Britain and the United States. He believes, however, that the Chinese Empire is capable, through outside assistance, of regeneration and preservation. That China itself is effete and rotten, he declares to be false.

> The traditional official system is corrupt, but the Chinese people are honest. The integrity of their merchants is known to every banker and trader in the East, and their word is as good as their bond. They have, too, a traditional and idolatrous respect for authority, and all they need is an honest and good authority.

Such an authority he thinks might be supplied through the coöperative help of the leading commercial powers, in the reorganization of the army and police in the same spirit that Sir Robert Hart has manifested in organizing the customs.

For Lord Beresford's view as to the importance of coöperation by Great Britain and the United States in the Far East, support may be

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found in the book of Mr. Ransome. This writer expresses the belief that, so far as the interests of various countries can be the same, those of Great Britain, the United States and Japan in the Far East are identical, and that an alliance between these three nations for the support of a common policy, in opposition to the dismemberment of China, "would be invaluable in the interests of Far Eastern commerce and peace." His book, however, is not devoted to this theme, or specially designed to promote the discussion of it. The object of the volume, as the title indicates, is to show Japan just as it is, in its present state of transition from the old order of things to the new. In this effort he exhibits an openness of mind and a spirit of impartiality on which he is to be congratulated. His expressions of opinion are singularly free from the preconceptions which give to so many writings on the subject of Japan an air of unreality. Rejecting alike the romantic point of view and that of the treaty ports, as representing the two extremes of misconception, he discusses the actual life of the people, their progress in industry and education, their moral, commercial and political standards, the effect of the Chinese war on their external relations, and their attitude toward the foreigner and foreign things generally. These and other pertinent topics he discusses with a candor that helps us to arrive at correct and fair conclusions. The book is copiously illustrated, and contains four special maps prepared by the author.

J. B. MOORE.

Colonial Mobile. By PETER J. HAMILTON, A.M. Boston and New York, Houghton, Mifflin & Co., 1898. — xii, 446 pp.

This book presents the history of the Alabama-Tombigbee basin in six parts. Part I, "Exploration (1519–1670)," is a short account (22 pages) of Spanish explorations of this region by land and sea. Part II, "The French Capital," begins with the plan of the French to make an establishment at the mouth of the Mississippi, briefly discusses La Salle and his failure, and proceeds to a more elaborate treatment of the founding of the settlement at Biloxi by Iberville. The author does justice, though briefly, to Iberville's splendid scheme of holding the entire Mississippi basin for France, and passes on to the transfer of headquarters from Biloxi and the founding of Fort Louis, "the first Mobile," destined for some years to be the French "capital." The seven succeeding chapters relate the history of the Louisiana settlements to 1722, when headquarters were removed to New Orleans. This account is based largely on

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Penicaut, Shea, Pickett, King and Winsor, to all of whom frequent references are made. So far the work is the history of Louisiana.

Part III, "The Department of Mobile (1722–1763)," is concerned more exclusively with the affairs of the Alabama-Tombigbee country. Mobile lost many inhabitants by the removal of the capital and its importance was greatly diminished. It seems, however, to have remained "the centre of Indian influence and diplomacy," and hence Indian affairs occupy a prominent place in this part of the book. Bienville's unsuccessful campaign against the Chickasaws in 1736 is described at length, and the founding of Fort Tombecbé and its importance in controlling the Choctaws and Chickasaws are dwelt upon. Due credit is given Fort Toulouse, near the junction of the Coosa and the Tallapoosa, for the part which it played in maintaining French control over the Indians of the eastern section of the basin. The disturbing influence of the British trader, who had found his way to the Indians of this region and who was regarded from the first as a threatening danger, is also considered. The greater portion of Part III, however, is taken up with the local history of Mobile and the other settlements. The Treaty of Paris in 1763 brought French rule in this territory to an end and it was handed over to the British.

Part IV, "The British Domination," covers the period from 1763 to 1780. At first Mobile was a post of importance not only because it was "a base . . . for the British control of the east half of the Mississippi valley," but also on account of its frontier situation. It was a veritable "back door to New Orleans," which was now held by Spain. But General Gage was not in favor of supporting strong establishments on the southwestern frontier, and Mobile suffered with other posts by the withdrawal of most of the troops. The annual ravages of fever, which seems to have become virulent soon after the British occupation, also hastened the decline of the place; and, though O'Reilly's occupation of New Orleans led to the temporary return of the troops, Mobile never recovered its old importance, but remained "a half-deserted British outpost" during the remainder of this period. When the American Revolution broke out, West Florida remained loyal and the colonies rejoiced as over a victory when Mobile and its dependent territory surrendered to a Spanish fleet in 1780.

Part V, "Under the Spaniards (1780–1813)," deals for the most part with the details of local history. Mobile seems to have remained a centre of Indian influence. The British left the country; but the

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old French population remained, and before the period ended the enterprising American was forcing his way into this new field. There were few Spaniards, and institutions remained for the most part French. The Louisiana cession and the strained relations between the United States and Spain are briefly treated, as also are the survey of the northern boundary of West Florida, and the conquest of the country by the United States.

Part VI, "Americanization (1813–1821)," follows the development of the Mobile district to the destruction of Ft. Charlotte in 1821. The Creek War, the operations of the British against Mobile during the War of 1812, municipal growth and the dismantling of the old fort are the principal subjects treated.

The book is an exhaustive treatment of the history of a limited area in the region of the Gulf States, and presents the results of an apparently careful and laborious study of local records. Comparatively few such studies have been made of the local history of this section of the United States, and *Colonial Mobile* has a special value, in that it points out the character of the work which needs to be done for the entire South.

Mr. Hamilton has mastered the local records of the region about which he writes, and the results of his study of these documents constitute the most valuable part of his book. The most thoroughly worked-up chapters in the volume are those which deal with land grants, old families, conveyances of real estate, baptisms, marriages, Indians, local government and like topics. Typical chapters of this sort are "Life at the Old Fort," "Next-Door Neighbors" (an excellent essay on the Indian tribes in the immediate vicinity of Mobile), "Some Old Families," "From the Curé's Window" and "In the Archive Office." Perhaps the most interesting of these chapters on local history is the one on "Municipal Growth," which traces the city government from the American occupation to 1822. A number of maps and cuts add value to the work; and it is a pity that there are so few. The maps of Mobile of 1711 and 1760 appear for the first time; maps of the city of 1771 and 1824 are also printed. But if the exhaustive treatment of local history is the most valuable feature of the book, this is also its weakest point. The reader cannot but feel that much matter which appears in the body of the work should have been tabulated for reference and printed in the appendix.

The book adds little to the general history of the South and Southwest: indeed, the setting of the local history in the general is frequently faulty and deficient. We must still turn to Winsor, Shea,

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Miss King, Pickett, Claiborne and others, to connect the local happenings in the Mobile country with the larger movements of events.

A few errors and defects may be noted. In that portion of the book devoted to the development of the Louisiana settlements, the importance of the explorations toward the west and northwest seems considerably underestimated; the founding of Natchitoches is barely mentioned. The trading expeditions of Sieur Louis de Saint-Denis figure only as unsuccessful attempts to open commercial intercourse with Mexico, whereas, in reality, they led to the Spanish occupation of the country west of Red River. Mr. Hamilton has confused this Saint-Denis (as has also Mr. Winsor) with Juchereau de Saint-Denis, who was prominent in the northern part of the French possessions. Presidio San Juan Bautista is called Presidio del Porto (p. 79). Winsor's *Mississippi Basin* is referred to throughout as the *Basin of the Mississippi*. Penicaut's *Relation* perhaps does not deserve as much confidence as Mr. Hamilton accords it. Finally, the brief description of the civil government of West Florida under the Spaniards (p. 261) is hopelessly confused: the jurisdiction of alcaldes was not confined to civil affairs; there was a wide difference between a pueblo and a municipality; and Mr. Hamilton's inference from the title of the governor, that Mobile was "partly a presidio but mainly a pueblo," is wholly unwarranted.

UNIVERSITY OF TEXAS. LESTER G. BUGBEE.

Life and Public Services of Edwin M. Stanton. By GEORGE C. GORHAM. Boston, Houghton, Mifflin & Co., 1899. — 2 vols.: xiv, 456; xiv, 502 pp.

It would seem as if a period of thirty years might remove a biographer far enough away from his subject to obtain an all-around view of it, and to give something like proper value to all of its qualities. But such has not been the case in the book now before us. It is substantially a panegyric upon Stanton, the patriot — almost the saint. There is not much doubt that Stanton was the man for his time and place; but the place of secretary of war during civil war is not the place for a saint, though it certainly requires a patriot. With most men civilization quickens the conscience and refines the susceptibilities, at the same time that it enlightens the intellect. But in some instances its whole force seems to be expended in the development of the intellect alone, leaving the conscience apathetic or fanatical, and the instincts brutal. Such was the character of

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Stanton. He had great power of mind and will, great energy, great private honesty, entire willingness to sacrifice himself to his country's welfare, as he understood it; but he was brutal in his instincts and his methods, and he was almost entirely wanting in the sense of propriety.

One of Stanton's first official acts manifested the despotic element in his character: I refer to his treatment of Gen. Charles P. Stone. This officer he caused to be relieved of his command, put under arrest and cast into prison without any information concerning the charges against him or any opportunity to refute them, and held for six months in close confinement, all the victim's requests and petitions for a hearing and even for communication with his family being disregarded, until at last Congress forced his release. Mr. Gorham does not even mention this frightful iniquity. From the point of view of an apologist, the omission was certainly politic; but an impartial biographer should feel it his bounden duty to set forth the incident, for the sake of what it fairly indicates as to Stanton's character. While it may be contended that the office held by Stanton, at the time he held it, required mental force and brutal methods for the efficient discharge of its functions, yet in this case that brutality appears so exaggerated as to become cruel injustice, and cruel injustice cannot be made a virtue under any conditions.

The other marked defect in Stanton's character was his utter lack of any sense of propriety in the conducting of public affairs. Those acts of Stanton which most clearly reveal this lack are treated by his biographer as the manifestation of undaunted patriotism. Stanton's preposterous notion that President Johnson and his entire cabinet — including such men as Seward, Stanbery and Browning — would defeat the spirit and purpose of the Reconstruction Acts, unless he, Stanton, should remain in the cabinet, is seriously taken and fully justified by Mr. Gorham; and that, too, in the face of the fact that Attorney-General Stanbery had, no doubt under instruction by the president, warned the Southerners, in his pleas in the cases of Mississippi *vs.* Johnson and Georgia *vs.* Stanton, that the president's opposition to the Reconstruction Acts ceased with the unsuccessful employment of his veto, and that after their enactment he intended to execute them in letter and in spirit. Stanton's resolve to remain in the cabinet, against the president's desire, does not seem to be regarded by Mr. Gorham as any violation of official propriety or of common courtesy towards the president. The fact is, that Stanton, from his place within the administration, did more than any other man to stir up those baseless suspicions against the president and

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the other members of the cabinet which culminated in the scandal of impeachment. It is not claimed that Stanton was dishonest in what he did. He was one of those men whose respect for the honesty of their own opinions and purposes is so absorbing as largely to exclude respect for those entertained by others. But it is claimed that it manifested an utter lack of any sense of propriety in Mr. Stanton to insist on remaining confidential adviser to the president, after the latter had given him to understand that he was no longer wanted in the official family. His colleagues, Speed and Harlan, had resigned as soon as they felt that entire harmony of view did not obtain between them and the president; and Stanton should have followed their example, and would undoubtedly have done so, had he possessed the feelings of a gentleman. The extravagant notion that the fate of the country depended upon his holding on to the war department, although entertained or professed by many others beside himself, would not have gained possession of him, had he been animated by that spirit of deference which goes hand in hand with a true sense of the proprieties of life. Mr. Gorham does admit that he appeared at times to be arbitrary, but contends that he could not get through with the daily business of his office without this appearance. No one will deny that Stanton did an enormous amount of business, and that he did it, in most cases, well; but so did Seward and Chase and McCulloch, and they did it without having recourse to arbitrary methods or bad manners.

The truth is that Stanton was one of those men who come to the front, when the civilized methods for the solution of the problems of human existence break down and men revert to the means and forces of barbarism to destroy the barriers which they do not see how to remove or bridge over. But such men are not saints. They are extremely human. They are men of "blood and iron." They are sometimes almost demons. They thrust aside ruthlessly the men who stand for the milder means, and from the outset they put into operation the most radical methods. They do all things with great vigor, and they do many things well. But they do most things coarsely and brutally, and they do some things cruelly and vindictively. Such men serve well, on the whole, their day and generation, but the times to which they are adapted are out of joint. There is nothing ideal about them, and such times and such men are to be rather tolerated as grim necessities than glorified as blessings from on high.

J. W. BURGESS.

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RECORD OF POLITICAL EVENTS.

[From May 11 to November 6, 1899.]

I. THE UNITED STATES.

FOREIGN RELATIONS. — **Negotiations with the British government** about the Alaska boundary have been in progress throughout the period under review. While the United States agreed not to establish a new military post, and, on the other hand, the Dominion government resolved that it would grant no more charters for railways, in the disputed territory, a *modus vivendi* was not concluded until October 20. In accordance with its terms, the United States retains control of all the passes leading to the Klondike from tidewater. The cordial relations of the United States with England were further enhanced by the systematic coöperation of the American and British delegates at the Peace Conference. Moreover, at the request of the British government, when war began in the Transvaal, the American consul-general at Pretoria was instructed to take charge of British interests there. — At the same time practically all traces of the popular ill-feeling between the United States and Germany were removed. To this result the arrangements for a cable connecting the two countries, the conclusion of a parcels-post convention (the first of the kind with a European state) and the somewhat unexpected harmony of action shown by the members of the Samoan Commission appreciably contributed. — The protocol of an agreement between Russia and the United States to arbitrate certain claims, resulting from the capture of American sealers off the coast of Siberia, was signed October 24. — The lynching of five Italians by a mob in Louisiana, July 21, occasioned an exchange of diplomatic notes between Italy and the United States. The reason for the lynching was the supposed complicity of the victims in a plot to murder an American, who, however, escaped with a severe wound. An investigation into the citizenship of the victims showed that two of them were Italian subjects. The President immediately sent a note to the Italian government, expressing regret at the occurrence and promising that justice should be done. — **Reciprocity treaties** were concluded with Portugal, July 8; with the British colonies of Barbados, Bermuda, British Guiana, Jamaica and Trinidad, July 22; and with France, July 24. By the agreement last mentioned more than six hundred articles imported into France from the United States were given the benefit of the minimum rate, a reduction of about twenty per cent from the present schedule. — During the summer commercial **relations with Spain** were formally resumed by the reciprocal appointment of consular officers. The American government also granted to Spain the

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privilege of independent action, even to the extent of paying ransom, in the effort to obtain the liberation of the Spanish captives held by the insurgents in the Philippines. On the other hand, the American Minister at Madrid requested the Spanish government to liberate the Cubans now held for political offenses in Spanish prisons. — On May 13 the joint commission, whose appointment was noted in the last RECORD, took control of the **Samoan Islands.** As soon as the disarmament of the natives had been effected, the commission sustained the decision of Chief Justice Chambers recognizing Malietoa Tanu as king. But shortly afterward that chieftain was induced to abdicate, and, June 10, the office of king was declared abolished. The reasons assigned for this step were the disturbances which attended the election of a king, and the opposition with which the exercise of his authority was likely to meet. A provisional government was set up, consisting of the three consuls of the great powers, whose action was to be determined by a majority vote. The commissioners further authorized the chief justice to remain in office, and Dr. Solf, a German, to assume the presidency of the municipal council in Apia. The former has, however, since returned to the United States and his position has been filled temporarily by the American consul. In their report the commissioners dwelt upon the evils of a tripartite administration in the islands, and suggested the establishment of one-power rule. Until such a change should be secured, the commissioners recommended a system of government similar to that now in operation in Fiji, *viz.*, (1) abolition of the existing consular, diplomatic and judicial offices; (2) appointment by the three powers conjointly of a governor and a legislative council of three members; (3) these officers to be assisted by a native house of representatives, acting, however, only in matters affecting the natives; (4) enlargement of the jurisdiction of the chief justice, who shall henceforth be chosen by joint action of the powers. Although at first the natives apparently accepted this general scheme, they have since, as a body, manifested strong dislike for some features of it, and in many places are clamoring for the restoration of the kingship. Desultory fighting has continued up to the close of this record. Recent reports indicate that negotiations are in progress for the partition of the islands among the powers interested.

CUBA. — In the process of **disbanding the Cuban army**, under the arrangement concluded with General Gomez, the soldiers evinced great aversion to delivering their arms directly into the hands of the American military authorities, as prescribed by the instructions of the President to General Brooke. These instructions were therefore modified, so that the arms might be delivered to the mayors of various municipalities. Upon giving up his arms each soldier received from the American officers his share of the $3,000,000 appropriated by the United States. It was provided that the arms should remain in charge of the mayors until they could be shipped to armories in Havana and Santiago, where they should be exhibited as relics of the Cuban war for independence. General Gomez then issued a fare-

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well manifesto, in which he urged the Cubans to maintain peace and to coöperate heartily in the establishment of the republic of Cuba, according to the American plan of government. The actual work of disbandment began May 27. It was much impeded by the inaccuracy of the muster rolls, as well as by the agitation against acceptance of the money instituted by the opponents of General Gomez and his peace policy. So great was the confusion in these rolls that, in order to avoid injustice, supplementary lists were prepared, on the basis of which payments were continued throughout September. — In July a registration was opened for **Spaniards in Cuba** who desired to retain Spanish citizenship. On a question arising from this registration, it was decided that the treaty of peace between Spain and the United States did not apply to natives of the Canary and Balearic islands; nor did it permit Cubans to change their nationality, or Cubans naturalized by other countries to regain Cuban citizenship. The Spanish consul-general at Havana protested against the former interpretation. — Antipathy between the Cubans and the Spaniards was marked by several violent demonstrations. On June 5 a former Spanish lieutenant of guerillas was lynched by a mob of Cubans at San Antonio, and on other occasions Spaniards were either killed or roughly handled. A party of Cubans also entered a private house in Havana on September 24 and tore down a Spanish flag, whereupon the mayor forbade the flying of Spanish flags anywhere in the city except on the Spanish consulate. — Important incidents in the activity of **the military government** of the island have been as follows: By decrees of June 1 pardon was extended to all persons convicted of offenses against the Spanish military laws, and civil marriage was established. Various measures have been adopted for regulating the press: A decree of June 1 made the editors and proprietors of newspapers responsible for their contents, personally and not by hired substitutes; on the ground of the prevalence of seditious articles, a censorship was set up at Santiago in June; while in August General Ludlow suppressed the *Reconcentrado*, a newspaper in Havana, for its libellous utterances against prominent people of the city. In July the *incommunicado* system was abolished, and accused persons were guaranteed substantially the same rights before the courts as are enjoyed in the United States. The organization of the judiciary was completed, August 2, by the appointment of judges for the supreme court and the provinces. — On May 26 it was determined to allow Cuban vessels to engage in international trade under the Cuban coasting flag, without assurance of American protection in foreign ports. — In the course of the summer arrangements were made for taking a census of Cuba, and on August 30 the President issued a proclamation to this effect, declaring that the census would be a preliminary step to the "establishment of an effective system of self-government." — Industrial life in Havana was seriously interrupted by a succession of strikes, culminating in a general strike on September 25 for an eight-hour work day. General Ludlow summarily

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arrested the leaders, a proceeding that caused the immediate collapse of the strike. — During the first six months of 1899 the receipts of the Cuban government exceeded the expenditures by nearly $1,500,000, and the revenue from the customs showed a large increase. — Despite the sanitary precautions, yellow fever broke out at Santiago in June and spread to several of the seaports in the Southern States, but the number of deaths was comparatively small.

PORTO RICO AND HAWAII. — The report of the Insular Commission, appointed by the President to investigate the **conditions in Porto Rico** and to draft a code of laws for the island, was completed August 30. The principal recommendations were: (1) the separation of church and state; (2) improvement in the system of taxation; (3) a revision of the tariff rates; (4) the erection of public schools; and (5) the encouragement of industrial enterprise by the grant of liberal charters; self-government through territorial organization, however, should be deferred until the people were better educated. In the proposed code the Spanish law and procedure are replaced, with modifications, by the American system of jurisprudence, and several statutes of the United States are extended to Porto Rico. But the War Department had already decided, in July, that no charters conferring permanent privileges should be granted without authority of Congress. Discrimination in the exchange of American money for Porto Rican silver was also forbidden. In July an executive order permitted the American flag to be carried on all vessels owned by natives of Porto Rico or of the Philippines who had taken an oath of allegiance to the United States. With the object of lessening the public expenditure and simplifying the service, General Davis effected a **reorganization of the civil government** on August 15. The Departments of State, Finance and Interior were merged into Bureaus known respectively as the Bureau of State and Municipal Affairs under Señor Camunas, the Bureau of Internal Revenue under Dr. Romero and the Bureau of Agriculture under Señor Rodriguez. The general supervision of these Bureaus was intrusted to a special officer, the Civil Secretary to the Military Governor, and Dr. Coll, the former Secretary of the Department of Finance, was selected for the position. In addition, an entirely new advisory body came into existence, called the Board of Insular Policy, consisting of nine representatives of all parties and business interests. For judicial purposes the island was divided into five districts, under the jurisdiction of a supreme court holding its sessions at San Juan. In pursuance also of the governor's declared intention to allow as much municipal autonomy as possible, elections took place, October 20, in sixty-nine towns. — On August 8 a terrific hurricane swept over the island, killing more than 2600 of the inhabitants, destroying a vast amount of property, ruining the fruit and coffee crops and rendering about 250,000 persons destitute. The Secretary of War sent an appeal for aid to the mayors of all the large cities of the United States and, when the full extent of the calamity became apparent, to the governors of the states as well. To sup-

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plement the contributions from public and private sources, the War Department granted the free entry into Porto Rico of agricultural machinery and lowered the duty upon coffee imported from Porto Rico into Cuba. — In several cases, notably in one concerning the penal enforcement of contracts for labor, involving a conflict between the law of **Hawaii** and the Constitution of the United States, the supreme court of the former decided that the Constitution has no application to Hawaii "during the present transition period." Important executive orders affecting the islands were issued in September, forbidding the disposal of public lands and suspending the registry of vessels by the Hawaiian authorities.

THE PHILIPPINES. — Military operations in Luzon were seriously hindered by the conditions of the rainy season and the paucity of American troops (see **Internal Administration**, p. 744). The majority of the conflicts with the insurgents took place within a radius of thirty miles north and south of Manila, while the area of actual occupation lay within a circuit of fifteen miles. On May 17 General Lawton seized San Isidro, whereupon the insurgent capital was removed fifty miles farther north to Tarlac. The headquarters of the American force in this region continued to be at San Fernando. Warlike activity then shifted to the south of Manila. On June 13 the passage of the Americans across the Zapote River in the direction of Bacoor was hotly contested. The insurgents were eventually driven back to Imus, and the battle resulted in the breaking up of the Tagal organization in the south into irregular bands. Imus was afterwards taken and garrisoned. From that time to the end of September skirmishing was incessant, but no important movement was made. On September 28 General MacArthur advanced from Bacolor northwest to Porac and, temporarily at least, cleared the country of enemies to the left of the American position. The northern campaign was resumed on October 18, when General Lawton started on an expedition against Tarlac. Later General Wheaton was despatched to the Gulf of Lingayen on the northwest coast. From this point he is to coöperate with Lawton and MacArthur in preventing the escape of the insurgents into the northern provinces. — The total losses of the American army from May 14 to November 6 numbered 979. — **Negotiations for peace** were opened with the American Commission on May 22. To the envoys of Aguinaldo the following plan of government was submitted: a governor-general, to be appointed by the President of the United States, who should also name the judges; a cabinet, to be selected by the governor-general; and an advisory council, chosen by the natives, the heads of departments and judges to be either Americans or natives or both. The envoys objected to the lack of political liberty in the proposition, and renewed the request of their predecessors of last April, *i.e.*, suspension of hostilities till the Philippine Congress could consider the matter. As before, this request was denied. In the latter part of September the insurgents made a third attempt of this kind. Officers were despatched by Aguinaldo to offer the release of a

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number of American prisoners and at the same time to suggest the reception of a civil commission to treat for peace. Rejection of this suggestion did not prevent the prisoners from being delivered, but the conference with the officers was fruitless. A fourth attempt in October likewise met with rejection. — Apart from these efforts to obtain peace with independence, the attitude of the insurgents continued to be thoroughly hostile. Much of their confidence was said to be based upon a belief that the anti-imperialist sentiment in the United States might cause the overthrow of the present Republican administration, which event, it was thought, would be followed by the withdrawal of the American troops by Congress. Some hope of European intervention seems to have been the basis of the fact that in August all of the foreign consuls-general resident at Manila received copies of a document embodying an exhaustive statement of the case for Tagal independence, coupled with a request to forward the same to their respective governments. — The somewhat rigid **censorship of the press** by the military authorities called forth in July a vigorous protest from the newspaper correspondents, who asserted that their reports were purposely modified so as not to "hurt the administration." Replying to the protest, General Otis admitted that his despatches had been at times too optimistic, and on September 9 the censorship was practically removed. — **The extension of American control** over parts of the Philippines, other than the islands of Luzon, Panay and Cebu, began soon after the departure of the last of the Spanish troops, May 29. As the influential natives, outside of the islands named, generally showed a disposition to accept American rule and to welcome American troops, conciliation, rather than compulsion, was the method adopted. In Negros a conference was held between President Schurman, head of the American Commission, and several native rulers, toward the end of June, at which the latter submitted suggestions as to a new government; and several weeks later General Otis proclaimed a provisional organization which embodied in part those suggestions. The island was placed under a military governor, named by the Governor of the Philippines, and assisted by an elective civil governor and council. The military governor was authorized to appoint native departmental heads and to wield, in general, supreme executive power. The duty of the native civil governor was to advise the military governor concerning civil questions and to attest his official acts thereon. The council was vested with the ordinary legislative functions, but the military governor was put in control of the customs and postal service and of inter-island commerce. The suffrage was restricted to males of twenty-one years of age, able to read and write English, Spanish or Visayan, and owning or renting a specified amount of real estate. Provision was also made for a judicial system, under the direction of the governors and council, with an appeal to the supreme court at Manila in certain cases. Early in July General Bates, as agent for the United States, began a series of negotiations with the sultan of the Sulu Archipelago. A gift of $10,000 having smoothed the way, the sultan and

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several of his chiefs acceded to an agreement based mainly upon the Spanish treaty with the natives in 1878. The principal features of the agreement were: (1) recognition of the sovereignty of the United States and occupation by its soldiers of all places deemed necessary; (2) native coöperation with the Americans in the maintenance of order and the suppression of piracy, but without interference with the present local administration; (3) a plan to emancipate slaves by giving them the right to purchase freedom; (4) continuation of the subsidy formerly granted by Spain. In September garrisons were established at two points in the islands. — **Municipal governments** were instituted during the summer at several places in the provinces of Manila and Cavité. In general, the form adopted was that of a mayor and council, elected under a property qualification and intrusted with local powers, subject to the approval of the officer commanding the garrison. Even then it was found advisable, on one or two occasions, to imprison the mayors for complicity with the insurgents. Manila itself remained under martial law. The supreme court was reëstablished in June with Señor Arellano, a former member of Aguinaldo's cabinet, as president; the rest of the judges were Americans and Tagals. Subsidiary courts and magistracies were arranged for, and the practice of admission to the bar rendered conformable to the American system. The public schools at Manila opened July 3, and the plan for a native police force went into operation September 14. — Late in October the government at Washington decided to allow vessels bought by American citizens to engage in inter-island trade. — A preliminary **report of the Philippine Commission** was rendered November 2. In the opinion of the Commissioners the tribal and linguistic diversity, as well as the general ignorance and lack of political experience, among the inhabitants of the islands, make self-government, except of a local character, impossible at present. The welfare of the natives, therefore, coinciding as it does with the "dictate of national honor," demands the retention of American control over the archipelago.—The Spanish officials intrusted with the task of effecting the release of their countrymen, still held by the insurgents, were unable to accomplish their purpose, owing chiefly to the enormous ransom demanded. It is reported, however, that negotiations on the subject have been opened directly with Agoncillo, the Philippine envoy in Paris.

INTERNAL ADMINISTRATION. — A change in the Cabinet was effected August 1, by the retirement of Mr. R. A. Alger as Secretary of War, and the appointment of Mr. Elihu Root of New York. — Receipts of **the Treasury** for the fiscal year show that, allowing for the normal increase of the revenues, about $100,000,000 was realized from the war tax, the largest percentage of which came from documentary and proprietary stamps. The expenditure for the army and navy exceeded that of last year by $143,000,000. While the deficit also is appreciably greater than last year's, the unusually large cash balance in the Treasury, as well as the marked increase in receipts for the first quarter of the new year, indi-

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cated that the government would be able to meet its obligations in the ordinary way. — As to foreign trade, the exports fell $4,000,000 below those of 1898, while imports rose $81,000,000, most of which represented raw material. The shrinkage in exports was due especially to the subsidence of the European demand for agricultural products, which the preliminaries of the war with Spain had created. — Conditions in the Philippines rendered necessary an **increase in the army**. Persistent assertions were made that the forces there were inadequate to perform both field and garrison duty; but so long as General Otis adhered to his opinion that 30,000 effective men were sufficient, the War Department proceeded quietly with the task of substituting regular troops for volunteers whose term of enlistment had expired, and did not add materially to the 24,000 men reported to be in Luzon at the end of May. Later, however, General Otis admitted that the soldiers were "worked to the limit of endurance"; and thereupon it was resolved, late in June, to bring the regular army up to its full strength (65,000) and to begin the enlistment of the volunteer contingent of 35,000 authorized by Congress. Eventually the estimate of the forces needed in the Philippines was fixed at 65,000, and measures were taken to insure the arrival of all reinforcements at Manila prior to January 1. Moreover, to aid General Otis in preventing contraband supplies from reaching the insurgents, the President, early in October, after consultation with Admiral Dewey, decided to reinforce the fleet. — Among other important measures of the military administration may be noted: the change in the method of enlistment, according to which, instead of being restricted to a specific military district, a prospective recruit may enlist at any station he selects; a partial introduction of the British "home battalion" system, by which each battalion of a regiment will serve six months at home and twelve abroad, the time at home to be spent in recruitment, instruction and recuperation; and a plan to divide the Philippines into four military departments, two in Luzon and two embracing the rest of the islands. — In the latter part of May the **Nicaragua Canal Commission** submitted to the President a report on its labors since December, 1897. It recommended the Childs route from Brito to Lake Nicaragua and the Lull route from the lake to Greytown. The estimated cost of constructing the canal was $118,113,790. On June 9 the President appointed the third commission, authorized by an act of the last Congress. In addition to the three members of the former commission, the following were named: Senator Samuel Pasco, of Florida; Alfred Noble, C. E., of Illinois; G. S. Morrison, C. E., of New York; Lieut.-Col. O. H. Ernst, U. S. A.; Prof. W. H. Burr, of Columbia University; and Prof. E. R. Johnson, of the University of Pennsylvania. — The treaty negotiated in February with the Creek Indians (see last RECORD, p. 366) was ratified by them in May. — On the 29th of the same month President McKinley issued an order embodying a **modification of the civil service rules**, and releasing about 4000 offices from the classified service. The action was deplored by civil service reformers as a serious "backward step." Against that part

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of the order, in particular, which provides that the positions of all persons serving under temporary appointments may be made permanent at the discretion of the proper officer, the Civil Service Commission strongly protested. The stand was taken that the rule "threw down the bars" for the transfer into the classified service of many persons, like the clerks taken on during the exigencies of war, who had never undergone a competitive examination. But the Attorney-General has declared that the rule affected only those persons holding temporary appointments who had already been certified by the Commission.

THE FEDERAL JUDICIARY. — The Supreme Court, April 17, declared void, as depriving of property without due process of law, a statute of Michigan requiring a railway company to sell mileage tickets at less than the regular rates, where the maximum rates had already been fixed by the legislature (*Lake Shore and Michigan Southern Ry. vs. Smith*); held, May 15, that the validity of an act of Congress cannot be questioned by the courts for the reason that it is in conflict with a treaty with an Indian tribe (Stephens *vs.* Cherokee Nation); decided, on the same day, that the capital of one national bank cannot legally be invested in the stock of another bank of like character (First National Bank of Concord, N. H., *vs.* Hawkins); reversed, May 22, the decision of the circuit court that a telephone company is a telegraph company, and may assert its right to the privileges accorded telegraph companies by the act of Congress of 1866 (City of Richmond *vs.* Southern Bell Telephone and Telegraph Co.); and declared that a statute of Missouri regulating the form of contracts for interstate carriage was constitutional (Missouri, Kansas and Texas Ry. Co. *vs.* McCann).

STATE LEGISLATION. — On the **constitutional amendments** resubmitted to the people of Rhode Island June 20, the vote was again adverse. — Legislative action regarding **corporations** in Florida gave the state railroad commission judicial power over railroad companies, and in Connecticut allowed savings banks to invest in the consolidated bonds of conservative railway companies. — Under the head of **tax measures** the most important was that passed in New York, imposing a tax upon street-railway franchises. This act provided that for the purposes of taxation the franchise should be considered as real estate, and its assessment should be so determined as to include the value of all the company's tangible property in any public place, as estimated annually by a state board of tax commissioners. — Laws affecting **labor interests** were enacted: in New York, establishing the eight-hour day for all public works; in Missouri, providing for free employment agencies; in Texas, legalizing labor organizations and permitting members of them to induce "by peaceable and lawful means" any person to relinquish employment; in Massachusetts, exempting trades unions from the operation of laws governing fraternal beneficiary organizations; and in Connecticut, forbidding employers to discharge workmen because of membership in labor organizations. — Important **decisions** of state courts were as follows: In New York, August 22,

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an act allowing public officers acquitted of charges to sue for the expenses of their trials was declared unconstitutional, on the ground that the legislature cannot impose taxes except for the public utility; in Colorado, July 17, the eight-hour day law, applying only to smelters (see p. 748), was declared invalid; in South Carolina, June 3, it was held that individuals or their agents were entitled to bring liquor into the state in private conveyances for their own use.

THE TRUST QUESTION. — Hostility to combinations of industrial capital has been strongly manifested alike in political platforms, in state legislation and in popular conferences; while, as a rule, the courts have continued to exert a restraining influence by the constitutional test. Much indignation was felt against Delaware and New Jersey, where the corporation laws offer the greatest facility for the organization of trusts. In several of the Western and Southern States the attorneys-general have striven so zealously to enforce existing laws on the subject that a considerable number of corporations have been forced either to withdraw or to reduce their capitalization. For example, proceedings in ouster were brought against seventy-three insurance companies in Missouri, but the supreme court at length decided to let them off with a fine. In Texas the secretary of state was expressly forbidden to permit any corporation chartered under the laws of New Jersey to do business in the state, and the penalties upon all other corporations which had not paid their franchise taxes were very rigorously enforced. — Drastic **legislation** was framed in Texas and Michigan. By an act of the former, a monopoly was defined to be any "union or combination or consolidation or affiliation of capital, credit, property, assets, trade, custom, skill, or acts, or of any other valuable thing or possession, by or between persons, firms or corporations," designed to regulate in any way the price of "any article or thing whatsoever" (including specifically insurance premiums); and, as such, was declared to be a conspiracy punishable at law. The charge of conspiracy, further, should be applicable to the owner or lessee of a manufacturing patent who should refuse to place the same on the market for sale, and to business concerns (like the Associated Press) which might act in a similar manner regarding their commodities. Contracts of sales in violation of this act were declared void and non-enforceable. The Michigan statute is similar, except that it adds imprisonment to fine and forfeiture as penalties, and authorizes persons injured in business through the operation of a trust to sue for double the amount of the damages sustained. — As regards **judicial decisions**, the supreme court of Arkansas affirmed, May 7, the judgment of the circuit court, declaring the Arkansas act unconstitutional, so far as it relates to pools and trusts formed outside the state. On June 6, however, the supreme court of Indiana held that corporations which combine to fix prices or to limit production abuse their corporate privileges and render their franchises liable to forfeiture. Similarly, the supreme court of Illinois declared, October 19, that, since a corporation has no power to perform corporate acts outside of the state

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of its creation and where the laws governing its corporate existence have no force, a pool to fix the prices of its output renders it guilty of a conspiracy to defraud, under the anti-trust law of 1891. But the Kentucky court of appeals decided, June 15, that "it is not an indictable offense to combine for the purpose of maintaining rates of insurance"; and on July 7, the highest court of New Jersey held that corporations may oblige concerns purchased by them to stay out of business. — **Conferences** to consider the question met at Chicago and St. Louis in September. The latter was composed wholly of governors and attorneys-general from eleven of the Southern and Western States. The discussions of the one conference and the resolutions of the other embodied the general opinion that the states alone could not cope with huge monopolies, since these usually obtain their privileges from states other than those in which their business is conducted; and that the remedy, therefore, lay in federal legislation, or at least in a more effective supervision and control on the part of the federal government, together with the employment of every means by which the publicity of trust operations might be insured.

MUNICIPAL AFFAIRS. — Negotiations for the municipal ownership of the street railways in Detroit have been stopped by a decision of the supreme court of Michigan against the constitutionality of the empowering act (see last RECORD, p. 372). — Helena, Montana, imposed taxes upon a variety of franchises, including those of steam railroads and press associations. — As the result of a special election held on June 6, a system of sewerage and drainage, as well as municipal water works, will be established in New Orleans. — Since the mayor of **New York** declined to approve certain amendments to the Rapid Transit Law, in accordance with which the Rapid Transit Commission might sell the franchise to construct and operate an underground railway for a period of fifty years, the road will have to be built by the city, for which purpose a contract was approved by the corporation counsel, October 11. A project to involve the city in a contract with the Ramapo water company, upon terms alleged to be far more favorable to the company than to the city, failed, owing largely to the efforts of the comptroller. The exposure of this scheme, in which prominent politicians were interested, gave rise to much criticism of the "Greater New York" charter. Like unfavorable comment was evoked by the refusal of the municipal assembly to vote the formal authorization to issue necessary bonds, until a mandamus was employed against it. Far-reaching modifications of the charter have been suggested to prevent the recurrence of such evils.

LABOR AND CAPITAL. — The strike **in the coal region** near Pana, Illinois, has not yet been settled. Efforts to bring in negro miners resulted, as before, in bloodshed, and on one occasion the state troops were fired upon. Similar outbreaks occurred in Indiana and Alabama. The injunction issued by the federal court, restraining Governor Jones of Arkansas from forbidding the importation of negro miners (see last RECORD, p. 373),

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induced him to modify his proclamation on the subject, so that it would not apply to "honest and peaceable laborers." His policy of exclusion was, however, maintained by another proclamation, June 28, against the importation of "lawless, depraved and otherwise objectionable miners." — On account of a dispute over the eight-hour law for smelters, recently passed by the legislature of **Colorado**, a strike was ordered in June which involved almost all the industry of the state. The strikers insisted on the same wages that they had received for the longer working days. When the supreme court declared that the law was unconstitutional (see p. 746) the men resumed work. — About the same time the employees of a street railway company in **Cleveland**, Ohio, went on strike to secure recognition of their union. The steadfast refusal of the company to concede this demand or to take back, in any case, all of the strikers into its employ, produced during June and July a display of violence with which the police were unable to cope. Cars were stoned and destroyed by dynamite; non-union men also were attacked and their sleeping quarters blown up. At the appearance of troops on the scene the strikers changed their tactics and began a stringent boycott of all persons who rode on the cars, as well as of all who served such persons in any business way. A counter boycott was then organized by the business men of the city, and in the middle of September the strike ended in favor of the company.

LYNCH LAW. — During the period under review fifty-two lynchings were reported to have taken place in the Southern States. The victims numbered forty-three negroes and nine whites. The offenses charged were in nineteen cases murder, in six robbery and in fifteen rape, the remainder ranging from arson to insult. In three instances, at least, there was no doubt that the victims were innocent of crime, particularly since one of them was a harmless lunatic. The most conspicuous example of brutality was shown in the treatment of a negro who was tortured, then hanged, shot and finally hacked to pieces by a mob near Bainbridge, Georgia, July 24. Another notable instance of lynching was that in which, on October 10, a white man of prominence, one of the state senators of Louisiana, was shot to death by a masked mob for immoral conduct. Several times the militia had to be called out to protect negroes under arrest. The law recently enacted in South Carolina to discourage lynching has thus far proved inadequate. By the terms of the act, the county in which a lynching occurs is liable in damages to the heirs of the victim; but in a suit, in which the evidence that a lynching had taken place was incontestable, the jury found for the defendant county. — The only serious **race conflict** broke out at Darien, Georgia, during the latter part of August. Believing that the arrest of one of their number for an alleged assault would terminate in his being lynched, a party of negroes attempted to effect a rescue at the jail, but were prevented from so doing by a company of militia. When a deputy sheriff was sent to arrest two of the prisoner's sons, the negroes surrounding the house opened fire, killing the officer and badly wounding his companion.

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The excitement aroused by the murder caused the flight of a number of negroes to a swamp, where they openly defied capture and terrorized the white population of the vicinity. A sheriff's posse and the militia started after the rioters, but the murderer gave himself up before any blood had been shed. To allay apprehension of further trouble the militia remained at Darien nearly two weeks. Twenty-two of the rioters were subsequently tried and convicted.

II. FOREIGN NATIONS.

THE PEACE CONFERENCE. — The body assembled to consider the Russian proposals for limiting and humanizing war was in session at The Hague from May 18 to July 29. Delegates were present from the United States, Mexico, China, Japan, Persia, Siam and twenty-one European governments, and the presiding officer was Baron de Staal of the Russian delegation. It was announced at the outset that under no circumstances would the conference discuss any matters not mentioned in the circular of Count Muravieff (see last RECORD, p. 374). The real work of the conference was transacted by three grand committees, dealing respectively with (1) armaments and engines of destruction, (2) humane regulations in warfare and (3) mediation and arbitration. Each of the great powers was fully represented on these committees, and on every proposal submitted to the entire conference each delegation had one vote. Fears that the small states might outvote the great powers and thus render nugatory the decisions of the conference were not realized. On the other hand, throughout the conference the great powers were rarely in accord on any two of the three main sets of questions. The results of the conference were embodied in a so-called Final Act, signed, July 29, by all the states represented. The act consists of three conventions, relating (1) to the "pacific settlement of international disputes," (2) to the "laws and customs of war on land" and (3) to the "adaptation to maritime warfare of the principles of the Geneva Convention of 1864." These are followed by three declarations involving the prohibition (1) "of the throwing of projectiles and explosives from balloons," (2) of the use of projectiles which diffuse "asphyxiating or deleterious gases" and (3) of the use of bullets "which expand easily in the human body." The act concludes with a series of resolutions, of which the first expresses the belief of the conference "that the limitation of the military charges which at present oppress the world is greatly to be desired for the increase of the material and moral welfare of mankind"; and the others refer to future conferences, or to the respective governments, various subjects, such as the rights and duties of neutrals, the revision of the Geneva Convention and the inviolability of private property in war at sea. Of the three conventions, that touching mediation and arbitration excited the most general interest. It embodies an agreement by the signatory powers to employ mediation or arbitration in all cases where the circumstances might

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permit, to accept arbitral decisions as final and, whenever advisable, to extend the use of arbitration by new agreements. Mediation may be arranged at the instance of the disputants or by the voluntary offer of disinterested powers. A special method of mediation, analogous to the practices connected with duelling, prescribes that two outside powers, chosen respectively by the powers engaged in dispute, shall, through direct communication with each other, adjust the quarrel. Provision is made for international commissions of inquiry, whose duty shall be to examine and report upon the local circumstances of cases which "affect neither the honor nor the vital interests" of the states in controversy. The body of diplomatic representatives of the signatory powers resident at The Hague, under the presidency of the Dutch Minister of Foreign Affairs, is to constitute a permanent council, whose chief function is to be the establishment and control of an international bureau, acting as the office of the permanent court of arbitration located there. This court is to be composed of persons "of recognized competence in questions of international law," of whom each of the signatory powers shall appoint not more than four, who shall hold office for six years. In order to form the tribunal of arbitration for a particular case, the parties in dispute are each to choose two arbitrators from among the members of the permanent court, or elsewhere, who will in turn elect an umpire. None of the specific conventions or declarations were signed at the time by Great Britain, Germany, Austria-Hungary, Italy, Luxemburg, Servia, Switzerland, China or Japan; but the eventual adhesion of most of these states to the convention on mediation and arbitration, at least, is expected after the revised text shall have been more closely examined.

GREAT BRITAIN AND IRELAND. — The regular session of **Parliament** closed August 9. Among the measures passed relating to the United Kingdom (see last RECORD, p. 376) were the London Government Act, an amendment to which, providing for the eligibility of women to the office of alderman or councillor, approved by the House of Commons, was rejected by the House of Lords; the Small Houses Act; the Tithe Rent-charge Act, exempting the owner of a tithe rent-charge attached to a benefice from payment of one-half the present rates; and an act for creating a special department of agriculture and technical instruction for Ireland. Of measures affecting the Empire the most important were the Colonial Loans Act, granting an imperial credit of £3,351,000 to seventeen of the crown colonies, and an act transferring to the imperial government the territory in West Africa hitherto controlled by the Royal Niger Company (see p. 760). The select committee appointed to consider the Old Age Pension Bill recommended that a pension of five shillings per week be given to the "deserving poor" over sixty-five years of age. In the course of the extremely protracted debates on the Tithe Rent-charge Act, the opponents of the measure asserted that it virtually provided for a fresh endowment of the Church of England, and intimated that disestablishment was the best

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cure for such class legislation. Regarding the ritualistic controversy, the Archbishop of Canterbury declared, July 11, that he feared disestablishment far less than disruption as its outcome. Three weeks later an archiepiscopal decision was rendered against the use of incense and processional lights. The more radical among the ritualistic partisans have since started a movement openly in favor of disestablishment. — On account of the gravity of the situation in the Transvaal **a special session** of Parliament opened October 17. Sir H. Campbell-Bannerman, the leader of the opposition, announced that, though he still believed that the claims of Great Britain to suzerainty over the Transvaal had destroyed the possibility of success in the negotiations with the Boers, he regarded the language of their recent demands (see p. 759) as such that no self-respecting government could entertain; and he assured the ministry that no obstacles would be placed in the way of granting the supplies needful to prosecute the war. Mr. Chamberlain, on the other hand, practically admitted, as he had done on several previous occasions, that, although the war was nominally waged in behalf of the Uitlanders, essentially it was one to determine whether or not Great Britain should remain the dominant power in South Africa. At the same time, he strenuously denied an accusation, coming from the radical wing of the opposition, that he had purposely fomented the war. After having granted £10,000,000 for military purposes, Parliament was prorogued October 27.— **Mobilization** of the army began early in September. Shortly after the receipt of the ultimatum from the Transvaal, the Reserves were called out, in order to bring up every battalion to its full strength. This action was, in turn, followed by the summons of the militia and militia reserves. — Aside from a riot in Belfast, June 5, on the occasion of a demonstration by the United Irish League, affairs in Ireland continued tranquil.

THE BRITISH COLONIES AND INDIA. — The **Federal Constitution of Australia**, as amended at the conference of premiers (see last RECORD, p. 378), has been finally adopted by popular vote in Victoria, Tasmania, Queensland, South Australia and New South Wales. In Western Australia the feeling prevailed that the plan of federation did not sufficiently protect the financial interests of the colony; and in September a joint committee of the legislature declared that federation could not be accepted, until the constitutional provisions regarding the election of senators, the tariff and interstate commerce had been amended. — The policy of Lord Curzon's **administration of India**, as proclaimed in August, includes several reforms of a financial, military and political character, *viz.*: (1) the abandonment of plans for new and costly fortifications; (2) the withdrawal of garrisons from outlying posts and the substitution therefor of native militia supported by movable camps of regulars; (3) the imposition of a check upon the growing bureaucratic system, by giving to the collectors of the districts a far greater amount of independent power. On September 15 the Legislative Council enacted into law a recent report of the Currency Com-

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mission. In accordance with its recommendations, the **gold standard** was adopted, the British sovereign was made a legal tender, the Indian mints were opened to the unrestricted coinage of gold and the value of the rupee was fixed at one shilling fourpence.

FRANCE. — The **Dreyfus case**, with a series of events more or less closely associated with it, has furnished the central theme of French history since May. As to the revision inquiry, the Court of Cassation, acting on the basis of the report submitted by M. Ballot-Beaupré (see last RECORD, p. 380), rendered a unanimous decision, June 3, quashing the judgment of 1894 and ordering the retrial of Captain Dreyfus by a court-martial to be held at Rennes. In reviewing the evidence, the court laid stress upon the following points: (1) that the secret document, known as "Ce canaille de D——," used against the prisoner at the trial in 1894, had no reference to him; (2) that he did not write the *bordereau;* and (3) that he made no confession of guilt subsequent to his condemnation. The question to be determined was, therefore, whether the accused had supplied a foreign power with notes, and other material of a treasonable character, mentioned in the *bordereau.* A few days later, Colonel Picquart was exonerated from the charges against him, as incompatible with this judgment. The **trial of Captain Dreyfus** opened at Rennes, August 12. With the acquiescence of the counsel for the prisoner, practically the entire case was reconsidered. The chief task of the prosecution seemed to be the establishment of proof that the second and third bases for the decision of the Court of Cassation (see above) were erroneous, and that Dreyfus was the sole officer in a position to procure and betray the information contained in the *bordereau.* On September 11, the court, by a vote of five to two, decided that he was guilty, but by reason of extenuating circumstances it recommended that the penalty be limited to military degradation and ten years' imprisonment. About a week later the President granted Dreyfus a **pardon.** In his report advising this action, the Minister of War, General de Galliffet, called attention to the feeble health of the prisoner, and urged that the government should "give the first pledge of the work of appeasement which opinion demands and the good of the republic requires." — The general tension over the Dreyfus case expressed itself in a number of disorderly incidents, which, in turn, revealed the existence of a **plot to subvert the republic.** Hardly had the decision of the Court of Cassation been announced, when a personal assault was made upon President Loubet at the Auteuil race course by members of the royalist clubs. The principals concerned in the outrage were sentenced to fine and imprisonment, and a number of the clubs were temporarily closed. In the middle of August MM. Déroulède and Marcel-Habert, who had been acquitted in May of the charge of inciting the troops to insurrection (see last RECORD, p. 380), were arrested, together with other agitators, on a charge of conspiracy against the republic; and, on September 18, the Senate was convened as a High Court of Justice to try these persons. The indictment gave the details of a plot, liberally encouraged by the Duke of Orleans,

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to carry on a **royalist propaganda** through the agency of the Royalist, Anti-Semite and Patriotic leagues, by inciting the populace to street riots and suborning the troops. Incident to the agitation aroused by these occurrences, M. Guérin, the president of the Anti-Semite League, and a few companions barricaded themselves at the headquarters of the league in the Rue Chabrol, and defied the government to arrest them. Since forcible seizure was deemed unwise, in view of the popular excitement, the house was blockaded by the police and military for a month, before the inmates could be induced to capitulate. — The general opinion that Premier Dupuy was unfit to cope with the emergencies created by the Dreyfus case and its attendant circumstances appears to have been responsible for the **fall of the cabinet**, June 12. The occasion was an adverse vote of 321 to 173, on an interpellation concerning the measures adopted by the government to prevent a repetition at Longchamps of the disturbances at the Auteuil races. After several futile efforts, a **new cabinet** was constructed, June 22, by M. Waldeck-Rousseau, who assumed the portfolio of the Interior. The members not in the former ministry were Monis (Justice), General the Marquis de Galliffet (War), Lanessan (Marine), Decrais (Colonies), Millerand (Commerce), Baudin (Public Works), Jean Dupuy (Agriculture) and Caillaux (Finance). The presence of M. Millerand, the leader of the socialists, and his coadjutor, M. Baudin, in the same cabinet with General de Galliffet, who had been prominent in the suppression of the Commune, indicated a coalition of the socialists with the moderate Republicans, to preserve the state against the agitation of anti-Semites, revisionists and royalists, till the Dreyfus trial could be concluded and the ferment in the army allayed. On July 4 the session of the Chambers terminated and the ministry was left with a free hand in its policy of vigorous action. A series of transferences and other disciplinary measures in the army soon followed, among which the most notable was the removal of General Zurlinden from his post as military governor of Paris. These facts, together with an order of September 29, vesting in the Minister of War the final decision on matters relating to military promotions, served to demonstrate the purpose of the government to maintain full civil control over the military organization.

GERMANY. — Public interest in domestic affairs has been centered on the unsuccessful attempts of the Emperor to carry the anti-strike bill through the Reichstag and the Rhine-Elbe canal project through the Prussian Landtag. The former, as outlined in the Emperor's speech at Oeynhausen (see RECORD for December, 1898, p. 768), was somewhat modified when presented to the Reichstag in June, but it was rejected without even reference to a committee. The Emperor has since declared that he will persist in furthering legislation for the punishment of those who try to prevent others from working. Before its adjournment on June 22, the Reichstag passed the amendments to the illness and old age insurance laws (see last RECORD, p. 380). — As to the **canal project**, the committee of Conservatives and Centrists appointed by the Landtag to

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consider the government's bill, after a personal investigation of the country through which the canal would run, decided to report adversely. On June 15 the lower house, disregarding the appeals of the imperial chancellor, ordered the bill to be referred back to the committee which had just disapproved it. About two months later, on the occasion of the formal opening of the Dortmund-Ems canal, the Emperor proclaimed his firm resolution to proceed with its extension to the Rhine (as proposed in the bill before the Landtag). Despite this, two later efforts to press the bill were defeated. Prior to the last vote the chancellor clearly intimated that rejection would mean a serious **change in the relations of the government and the Conservative party**. Shortly afterward a number of Landräthe and other officials, who were also members of the Landtag and concerned in the opposition to the measure, were placed "provisionally on the retired list," and the names of many prominent Conservatives, including that of the leader of the party, were stricken from the list of those invited to court. This was followed, for similar reasons, by the retirement of the Ministers of Education and the Interior. — A treaty dated February 12, and ratified by the Cortes and Reichstag in June, effected the **sale of the Caroline, Pelew and Ladrone Islands** (except Guam) by Spain to Germany. The purchase price was 25,000,000 pesetas ($5,000,000) and the right was reserved to Spain to maintain a coaling station in each group. Reciprocal commercial concessions were also provided for. — A bill prolonging for one year the existing commercial treaty between Germany and Great Britain was passed by the Reichstag, June 21. — On the ground of preventing infection from Texas fever, a decree was issued in July, prohibiting the importation of fresh meat from Belgium, which recently removed its exclusion of American cattle.

AUSTRIA-HUNGARY. — Largely through the personal efforts of the Emperor, in negotiations with the Hungarian leaders, bills embodying the compromise-union (*Ausgleich*) were passed by the Hungarian Parliament early in July. Nearly everything demanded by the Hungarians was conceded. In return for a **prolongation of the Ausgleich** till 1907, it was agreed that the customs union with Austria and the commercial treaties with foreign countries should cease at the same time. This was designed to insure to Hungary complete freedom of action in the renewal of such treaties. Hungary furthermore obtained a reduction of its quota for imperial expenses, an assignment of the revenue from liquor, sugar and petroleum, and an equal share in the management of the Common Bank. Recognizing, however, the impossibility under present circumstances of securing the sanction of the Reichsrath to the measure, the Austrian ministry promulgated it by decree September 23. — During the summer various attempts to effect a reconciliation of interests among the parties composing the majority and the minority in the Reichsrath failed. In August the conflict of the races was manifested in outbreaks at Graslitz and other pro-German centres in Bohemia. Collisions with the police in the

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former place caused the death of five persons and the wounding of forty more. Thousands of sympathizers turned the funeral of the victims into a Germanic demonstration. The **personal popularity of the Emperor,** however, remained unshaken. On a journey through Bohemia and Carinthia he was received with enthusiasm by all races and factions alike. — The ministry of Count Thun resigned on the day the *Ausgleich* was promulgated. A week later the Emperor intrusted to Count Clary, Governor of Styria, the formation of **a new cabinet** for Austria. In order to obtain the election of the Austrian delegation, and thus to avoid the lapse of the connection between Austria and Hungary into merely a personal union, a sort of transition ministry was selected, mostly from among government officials who had not been specially prominent in the party struggles of the past. As an inducement to the opposition to discontinue its policy of obstruction, the cabinet decided upon the **repeal of the language ordinances.** But when the Reichsrath reassembled, October 18, Count Clary stated that this repeal was only provisional in character, since the government had resolved to settle the question so far as possible in the proper legislative manner. The news of the repeal produced violent demonstrations against the Germans and Jews, in Prague and other centres of Czech sentiment.

RUSSIA. — The **commercial and industrial development** of the empire has been promoted by a subsidy granted to new lines of Russian steamships, plying from the Black Sea ports to Great Britain and the Pacific coast, and the reimbursement of tolls paid by Russian vessels passing through the Suez Canal. In further pursuance of this object, the Czar appointed a commission, May 18, to consider the abolition of exile to Siberia and the inauguration of a general reform in the penal system. — Late in July a decree of pardon was issued to most of the students who took part in the recent agitation (see last RECORD, p. 383), and they were ordered to resume their studies at the universities. — A measure favorable to the nobility, but which also resembles an effort to extend the **control of the state over the higher classes of youth,** appeared in a rescript of August 23, providing for the establishment of homes for the maintenance of such children of the nobility as attend the middle-class schools. These homes are to be conducted under the supervision of the Minister of Public Instruction, and half of the cost of management will be borne by the state. Similar institutions have already been planned for students at the universities. — In May the government ordered the exclusion of Jews from St. Petersburg. — On the twenty-ninth of the same month the Diet of **Finland** rejected the bill extending to that country the Russian law of military service (see last RECORD, p. 383). The process of assimilating Finland was, nevertheless, revealed in an order for the Diet to meet henceforth once in four years, in the heavy restraints laid upon the press, in the activity of Russian emissaries, in the appropriation of domestic funds for the establishment of an imperial gazette and in the appointment of a Rus-

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sian as acting secretary of state for the duchy. On July 4, the Czar issued an edict defining his attitude on the question. Finland, he declared, had been an "organic part of the Russian state" and inseparable from it since the beginning of the century. The former edict, therefore (see last RECORD, p. 383), had been promulgated in order to show, by positive law, the relation of the grand duchy to the Russian empire. — The death of the Czarevitch, Prince George, in July, caused the succession to be devolved upon the Czar's next younger brother, Prince Michael.

ITALY. — The new cabinet constructed by Premier Pelloux was strongly Conservative, only two of the former members, those intrusted with Public Works and Public Instruction, retaining their positions. Like its predecessors, it was unable to secure a decisive vote on the **Public Safety Bills** (see last RECORD, p. 384), owing to the obstructive tactics of the Extreme Left. Scenes of extraordinary confusion and violence characterized several sessions of the Chamber of Deputies. On June 23 a **royal decree** was issued, embodying the substance of the proposed legislation, and authorizing the ministry to enforce it in the interests of the public peace. Although acknowledging that this act was of dubious constitutionality, General Pelloux nevertheless obtained from the Chamber what amounted to an indemnity for it in advance, because the decree was not to take effect till July 20. On account of persistent obstruction, no more legislative business could be transacted, and hence another royal decree prorogued the Parliament till November. Meanwhile, the constitution, so far as it relates to a number of individual rights, has been practically suspended.

SPAIN. — Questions of **taxation and retrenchment** have monopolized the energy of the Silvela cabinet. In the speech of the Queen Regent to the Cortes, June 2, the principal subjects mentioned were the settlement of the finances and the reorganization of the army and navy on the basis of compulsory service. The budget proposed the suspension of sinking funds and the lessening of interest on the part of the public debt held by Spaniards; also additional taxes and a loan of 300,000,000 pesetas. The Queen Regent offered to give up 2,000,000 pesetas of the civil list, and the cabinet, September 20, decided to shift upon Cuba itself the payment of interest upon Cuban bonds. These measures contributed to relieve the financial situation somewhat. As a whole, the budget was approved by the Cortes, but serious popular discontent was soon manifested. **Anti-tax demonstrations**, leading to conflicts with the military and to the establishment of martial law, took place at Saragossa, Barcelona and other cities. Dissensions in the cabinet over the budget culminated in the resignation of the Minister of War, Polavieja, late in September, upon the refusal of his demand, backed by the military class, for a special appropriation of 7,000,000 pesetas, to be expended mainly in coast defences. Polavieja was replaced by General Azcarraga. In the Ministry of Justice, Count Torranaz took the place of Señor Duran, who resigned on account of the imposition of martial law at

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Barcelona. — Agitation of Carlists and Autonomists caused the suspension of constitutional guaranties also in the Biscay region.

MINOR EUROPEAN STATES. — In **Switzerland** a project for establishing a state bank, with a monopoly of issuing currency, was sanctioned by the National Council, June 23. A bill of the Federal Council to introduce a tobacco monopoly that should provide a fund for the illness, accident and military insurance laws, enacted shortly before, was rejected by the Federal Assembly, September 29. — The agitation in **Belgium** over the suffrage question (see last RECORD, p. 385) has not yet been settled. In June the Ministry brought forward a bill embodying a scheme of minority representation, but restricting it to the larger cities, where the minorities are Clerical, and at the same time abolishing the second-ballot system, hitherto an aid to anti-clericalism. This plan so incensed the Socialists and Liberals, that its introduction was followed by uproar in the Chamber of Deputies and riots and barricades in the streets. At length the cabinet agreed to the appointment of a committee from all parties to consider the project. An adverse report was followed by the resignation of the ministry in August. The offer of the new Premier, M. de Smet de Naeyer, to grant complete proportional representation drew over some of the more moderate Liberals, but the bulk of the Opposition insisted upon equal manhood suffrage as well. A resolution aiming at amendments to the constitution which would have prepared the way for the introduction of a bill covering this demand met defeat, August 31, at the hands of the Clerical majority in the Chamber. — An attempt to assassinate ex-King Milan of **Servia**, July 6, was alleged by the government to be the outcome of a formidable plot, in which several prominent officials of radical views were implicated, to overthrow the reigning dynasty and existing political system. Twenty-two persons were convicted of complicity in the affair, and two sentences of death were imposed. The attitude of the court toward the accused, who were suspected of pro-Russian sentiments, led to a protest from Russia and then to the withdrawal of its diplomatic representative in October. — Relations between **Servia and Turkey** were somewhat disturbed during the summer, by a revival of conflicts on the frontier (see RECORD for December, 1898, p. 773), which called for the presence of troops from both countries. A joint commission prepared a set of regulations as to the frontier service, and the respective forces retired. Similarly, in August, the Porte and Russia agreed to appoint permanent commissions for the settlement of troubles along the Kurdish frontier. — **Relief for the Armenians** has resulted from several acts of the Turkish government. Late in July, the Sultan directed that the debt owed by Armenian monasteries should be cancelled; and in the following month he ordered that certain monastery lands should be restored. Strong pressure by the Patriarch and other representatives of the Armenians for further relief was followed, October 12, by a sweeping irade abolishing all restrictions upon freedom of movement among the Armenians, and ordering governmental assistance to

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be given for the reconstruction of all buildings injured or destroyed, and the payment of indemnities for the officials killed or expelled, during the late massacres. Pardons and commutations of sentence were also granted. — Autonomous government in **Crete** came into full operation July 24. The exodus of Mohammedans has somewhat slackened.

THE ORIENT. — Progress in the acquisition of **railway and mining concessions** remained the chief topic of interest **in China.** Basing his action, nominally at least, upon the terms of a supplementary note attached to the Anglo-Russian compact (see last RECORD, p. 387), the Russian minister, early in May, demanded a concession for a railway connecting the main Manchurian line directly with Peking, by way of Shanhaikwan. This road would practically parallel from Peking to Niuchwang the Imperial Chinese Railway, which derives its financial support from British sources. Disregarding the refusal of the Chinese government, Russia announced that engineers would be sent forthwith to begin the survey. On the 15th of September, France also effected an agreement with China to build a railroad, crossing the Yang-tse valley from Nan-ning-fu, in Kwang-si, north to Lung-chau, in Shen-si. Italy, on the other hand, has relinquished the idea of obtaining cessions of territory and, on August 13, requested the Chinese government to grant instead certain mining and railway rights, the application for which was filed prior to the Sanmun Bay fiasco (see last RECORD, p. 386). Thus far China has not yielded to the request. — Considerable hostility has been evinced by the natives to the construction of the railway in the Kiao-chau district, so much so that the workmen had to be protected by the military. Riots, furthermore, of which converts to Christianity were the victims, frequently occurred, till the German minister threatened the Chinese government with armed intervention unless decisive means were adopted to insure public order. The same helplessness of the central authorities was displayed in Kwang-tung, where piracy and brigandage were almost wholly unchecked, save for the presence of British gunboats on the West River. — When the revised treaties with foreign powers went into effect, July 17, the **international recognition of Japan** was rendered complete, and the country was thrown open to the intercourse of the world. France and Austria alone retained their consular jurisdiction till August 4.

AFRICA. — The grievances of the Uitlanders (see last RECORD, p. 388, and that for June, 1896, p. 381) were destined to bring on a crisis in the **relations of Great Britain and the Transvaal,** which culminated, October 12, in war. As became apparent in the course of the negotiations and since the outbreak of the war, the real controversy dealt with the question of Boer or British predominance in South Africa, particularly over the natives. On May 31 a meeting took place at Bloemfontein between President Krüger, of the Transvaal, and Sir Alfred Milner, the British High Commissioner, to consider a solution of the matters in dispute. From the outset, it was apparent that no common ground of agreement could be discovered. The British commissioner proposed (1) that full political privi-

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leges be conferred at the end of five years of residence, with retroactive effect; (2) that the representation of the Uitlanders in the Volksraad be materially increased; and (3) that the oath of naturalization should be so modified as to exact no more than obedience to the laws and assumption of the ordinary obligations of citizenship, including the duty to defend the independence of the country. The offer of President Krüger, on the contrary, embraced (1) naturalization at the end of two years of residence, and the complete franchise five years later, with an exception in favor of persons established in the Transvaal prior to 1890, who should receive the franchise in 1901; (2) an express renunciation of allegiance to a previous sovereign; (3) acceptance by Great Britain of the principle of arbitration on the other subjects of difference. To the stipulation last mentioned, Sir Alfred Milner especially objected, stating that Great Britain would not consent to the possible introduction of a foreign power into a purely domestic concern. — After a series of conferences between President Krüger and representative South African Dutchmen from the Cape Colony and the Orange Free State, a bill providing for a general grant of the franchise at the expiration of seven years of residence was passed by the Volksraad early in July. At the same time, a promise was given of enlarged representation for the Uitlanders. Great Britain thereupon suggested the appointment of a commission, to inquire whether the law would insure "substantial and immediate" representation. The Transvaal had prepared a reply to this suggestion, declaring that such a commission would prejudice its right to absolute control over internal affairs, when it resolved, August 19, to submit a new set of proposals, as follows: (1) the bestowal of a five-year franchise, which should also be retrospective; (2) the increase of Uitlander representation from two to ten, in a Volksraad consisting of thirty-six members altogether; (3) an equal share with the existing burghers in the election of president and vice-president; (4) reference of other differences to arbitration, from which the foreign element should be excluded; (5) relinquishment by Great Britain of its claim of suzerainty. Events now tended rapidly to approach **a crisis**. Great Britain promptly rejected the last two of these proposals, and, September 8, demanded that, in addition to the first three, the free use of the English as well as of the Dutch language should be allowed in the Volksraad. The Transvaal then reverted to its original offer of a seven-year franchise. On September 22 Great Britain asserted that, since this act rendered further discussion valueless, her Majesty's government would "consider the situation afresh and formulate its own proposals." — Meanwhile, both Great Britain and the Transvaal had been taking military precautions, especially along the frontiers; and, August 21, the Portuguese authorities at Delagoa Bay were called upon to prevent the landing of ammunition for the Transvaal. At length, October 10, the Transvaal, having obtained from the Orange Free State an assurance of its adhesion to the alliance of the two states (see RECORD for December, 1897, p. 755), sent to the British government an **ultimatum**,

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demanding the immediate withdrawal of its troops from the vicinity of the Transvaal and the submission of all points of difference to arbitration. Two days later the **war** began by the invasion of Natal. Here the main British force was encamped at Ladysmith, with advanced posts at Glencoe and Dundee. On October 20 and 21 the British carried some of the Boer positions at the latter places, but with a heavy loss, particularly in officers, and eventually they had to fall back on Ladysmith, where they have since been besieged. A reconnoitering expedition from this point not long afterward suffered the further loss of over a thousand men. Simultaneously with these events in Natal, hostilities were begun along the western border of the Boer states. Here also the British towns of Mafeking and Kimberley have remained in a state of siege. — Of the other events in Africa, the most important were: in May, an unsuccessful revolt against the French occupation on the Ivory coast; in July, the assumption, for international reasons, of British imperial control over the territory of the Royal Niger Company; in August, the murder, by the leaders of a French military mission, of an officer despatched to arrest them for cruelty to the natives, and their subsequent death, after having been declared rebels by the French government, at the hands of their men; and in October, the repression of native outbreaks in British Somaliland.

LATIN AMERICA. — The decision of the court of arbitration on the **Venezuelan boundary dispute** (see RECORD for June, 1897, p. 352) was rendered October 3, and assigned to Great Britain substantially all of its claim to the inland country, as delimited by the Schomburgk line. — In September a **revolution** broke out in Venezuela, due, it is said, to the passage of an unconstitutional act (at the instigation of President Andrade) which provided for the division of several Venezuelan states. From the beginning the forces of the government were unsuccessful. In accordance with the terms of peace, concluded October 20, the President left the country, and a call was issued for a popular convention to elect a new president and to draw up a new constitution. Meanwhile General Castro, the insurgent leader, has assumed control of a provisional government. — General Heureaux, the President of **Santo Domingo**, was assassinated July 26. So oppressive had been his administration, particularly as regards the use of a depreciated paper currency, that a rebellion conducted by General Juan Jiminez, a political exile, encountered comparatively little resistance. The foreign consuls, however, protested, September 18, against an act of the provisional government, ordering the customs duties to be paid in specie, as involving a practical repudiation of the paper money yet outstanding.

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